## TEXAS DEPARTMENT OF MOTOR VEHICLES BOARD MEETING

Thursday, September 13, 2012

Lone Star Room
Building 1
4000 Jackson Avenue
Austin, Texas

## BOARD MEMBERS:

Victor Vandergriff, Chair
Laura Ryan, Vice Chair
Robert "Barney" Barnwell, III
Blake Ingram (not present)
Cheryl E. Johnson
Raymond Palacios
Victor Rodriguez
Marvin Rush
Johnny Walker

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## PROCEEDINGS

MR. VANDERGRIFF: Good morning. My name is
Victor Vandergriff, and I'm pleased to welcome you here
today to the meeting of the Board of the Texas Department
of Motor Vehicles. I'm now calling the meeting for
September 13,2012 of the Board of the Texas Department of
Motor Vehicles to order, and I want to note for the record
that public notice of this meeting, containing all items
on the agenda, was filed with the Office of Secretary of
State on September 5, 2012.

Before we begin today's meeting, please place al cell phones and other communication devices in the silent mode.

And if you wish to address the board during today's meeting, please complete a speaker's card at the registration table to comment on an agenda item. If it is not an agenda item, we'll take your comments up through the public comment portion of the meeting.

Now I'd like to have a roll call, please, of the board members.

Vice Chair Ryan?

MS. RYAN: Present.

MR. VANDERGRIFF: Board Member Barnwell?

MR. BARNWELL: Present.

MR. VANDERGRIFF: Board Member Johnson?

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1	MS. JOHNSON: Present.
2	MR. VANDERGRIFF: Board Member Palacios?
3	MR. PALACIOS: Here.
4	MR. VANDERGRIFF: Board Member Rodriguez?
5	MR. RODRIGUEZ: Present.
6	MR. VANDERGRIFF: Board Member Rush?
7	MR. RUSH: Here.
8	MR. VANDERGRIFF: Board Member Walker?
9	MR. WALKER: Here.
10	MR. VANDERGRIFF: And let the record reflect
11	that I, Victor Vandergriff, am here as well, and we do
12	have a quorum. Board Member Blake Ingram will not be
13	joining us today.
14	I do not have any speaker's cards, so I do not
15	see anyone in the audience raising their hand or a speaker
16	card indicating they wish to address us on an item not on
17	the agenda.
18	I do want to note that we are in yet another
19	meeting place, but this is actually the building at Camp
20	Hubbard where we will at some time in the next few months
21	have all the employees of the Department of Motor Vehicles
22	housed, and so we had this nice, new boardroom and setup
23	constructed.
24	And I want to really thank the people that

worked on this very hard. First and foremost, our chief

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financial officer and our interim executive director during the time this was done, Linda Flores, and thank you very much. David Chambers, also, in purchasing. And I also want to note Gloria Smith and Stacy Steenken; they both worked very hard on this as well. And last but not least, certainly, was the Texas Correctional Industries, the Ramsey Unit, who actually constructed this unit and then came here onsite and installed it. So appreciate very much the effort here. We do have a home, at least for as long as we're in the Camp Hubbard facility.

With that, I'd ask if any of the board members have anything they'd like to notify or address the board on.

(No response.)

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MR. VANDERGRIFF: All right. The next item on our agenda is the consent agenda, and I'd like to recognize Mr. Harbeson, Bill Harbeson.

MR. HARBESON: May I proceed?

MR. VANDERGRIFF: Please.

MR. HARBESON: Thank you, sir. Good morning.

My name is Bill Harbeson. I'm the director of the

Enforcement Division of the Texas Department of Motor

Vehicles.

On today's Enforcement agenda there are 31 enforcement agreed orders where the parties have reached a

settlement agreement and the penalty has already been paid; there are 18 enforcement notice of violations, these are the citations we issue in the field for minor violations; there are 16 enforcement cases where you have motions for dismissal by staff; and there are five Lemon Law settlement where dismissal is sought; and finally, there are two franchise dismissal cases where you have before you an order of dismissal.

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I would like to note that on item 2.D.1, this was published as cause number 11-0152, it should be 12-0152 and the order before you has been corrected to reflect the correct cause number. On 2.D.4, that case should be styled Christopher Smith v. General Motors, and not Christopher Smith v. Ford Motor Company, and again, the order before you has been corrected to reflect the correct style of the case.

The staff is requesting that these items be approved by the board.

 $$\operatorname{MR.}$$  VANDERGRIFF: I'd be pleased to entertain a motion.

MR. BARNWELL: So moved.

MS. JOHNSON: Second.

MR. VANDERGRIFF: We have a motion to approve the consent agenda with two corrections on 2.D.1 and 2.D.4, as noted, and a second. All those in favor please

raise your right hand.

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(A show of hands.)

MR. VANDERGRIFF: Those opposed.

(No response.)

MR. VANDERGRIFF: The motion carries unanimously.

Thank you, Mr. Harbeson.

We're on to item 3.A and Mr. Gladney.

MR. GLADNEY: May I proceed?

MR. VANDERGRIFF: Please.

MR. GLADNEY: Good morning. My name is Mark Gladney. I'm the Lemon Law Section manager. Today I have three cases to present to you. We have not received notice that any of the parties in these cases are in attendance to day so we do not expect them to wish to address the board.

The first case is Kurian v. BMW, 12-0044 CAF.

In this particular case the complainant alleged engine and fuel pump problems which had not been solved after numerous repair attempts. The respondent disputed the problems and stated that the vehicle was operating within parameters. A SOAH hearing was held on May 18 of this year in Houston in which the complainant failed to establish the existence of the alleged defects at the time of the hearing. The SOAH ALJ proposal for decision

recommended dismissal. 1 Staff concurs with the PFD and respectfully 2 3 recommends adoption of the order as proposed in your packets. 4 MR. RODRIGUEZ: So moved, Mr. Chairman. 5 6 MR. RUSH: Second. MR. VANDERGRIFF: We have a motion by Board 7 8 Member Rodriguez, a second by Board Member Rush. have any discussion? 9 10 MS. JOHNSON: I have a question. MR. VANDERGRIFF: Please. 11 MS. JOHNSON: Mr. Gladney, this family or 12 13 individual only had use of this vehicle for three months this year, but what happens if this fuel pump breaks 14 15 again, does he have to start all over from ground zero? MR. GLADNEY: What he could do, and it depends 16 on the age of the vehicle, but he could file another 204 17 action as long as the complaint is made within the 18 19 warranty period. Now, since this particular situation came about during the warranty period, if the problem 20 arises again, there would be no problem with him filing 21 another 204, even if the warranty had expired. 22 Okay. Wonderful. Thank you. 2.3 MS. JOHNSON: 24 MR. VANDERGRIFF: Any further discussion?

MR. WALKER: I have a question. I want to make

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sure I'm clear because I read all of this and it's all run together a little bit in my mind. But this was a Lemon Law case, was it not?

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MR. GLADNEY: It was filed as a Lemon Law case initially, but it was actually a 204 case.

MR. WALKER: So we changed it in the hearing from a Lemon Law to a 204?

MR. GLADNEY: We would have noticed it as a 204 case. When we get a complaint that comes in, a lot of times people will file 604 cases, and as a matter of course when the facts are reviewed by our staff it turns out that they don't qualify for 604 relief, so it will morph into a 204, and then we will issue a request that it's docketed at SOAH as a 204. So it's not uncommon for a consumer to file initially a 604 but it turns out they're not eligible for a 604.

MR. WALKER: So when they file a 604 and we transfer it over to a 204 it becomes a warranty issue case. Is that correct?

MR. GLADNEY: Yes.

MR. WALKER: And under a warranty issue case once that case is heard -- I mean, to me, I'm not a car dealer but I've had a minimum lot of automobiles in the shop, when you have four times in a year you replace a fuel pump on a car, there's something wrong somewhere

because I have a lot of vehicles and we don't replace them that often. So going forward, surely this person is going to be entitled to, even if the warranty runs out they're going to be able to get this car fixed under 204?

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MR. GLADNEY: Yes, as long as it is the same type of defect. So if the fuel pump goes out again, they could file a 204 because the problem was brought to the manufacturer's attention prior to the expiration of the warranty. So if it happens again ay next year and the warranty is expired, it does not matter, they could still file a 204.

MR. WALKER: Well, here's my question, I guess. I understand you can file a 204, but do we tell the individual, the consumer that surely he doesn't have to come to us to file a 204 to get warranty work, shouldn't we notify the dealer or the manufacturer that the car needs to be continually serviced and taken care of since it's had so many problems?

MR. GLADNEY: It would be our hope that the dealer and the consumer could work out something amenable to both of them without necessarily involving us.

However, we're there as a backstop just in case that relationship breaks down, and sometimes it does.

MS. RYAN: There's oftentimes because of that relationship the dealers will go above and beyond and the

manufacturer to actually close this, in effect. 1 Especially in this kind of scenario that would be likely 2 3 to occur. MR. GLADNEY: And we've had pretty good 4 cooperation from the manufacturers with the dealers in 5 6 instances like this in the past where they certainly 7 realize that they want that customer to return to buy 8 another vehicle from them so maintaining a good customer 9 relationship would be paramount to a reasonable business 10 person. Thank you. 11 MR. WALKER: MR. VANDERGRIFF: Any additional questions? 12 13 (No response.) MR. VANDERGRIFF: All those in favor of the 14 15 motion please raise your right hand. 16 (A show of hands.) 17 MR. VANDERGRIFF: All those opposed. (No response.) 18 19 MR. VANDERGRIFF: The motion carries unanimously. 20 Thank you, Mark. Please proceed. 21 22 MR. GLADNEY: My second case is Tex Propane v. General Motors, Cause No. 12-0117 CAF. In this particular 2.3 24 case the complainant alleged engine problems and that the

vehicle was not operational. Respondent acknowledged the

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state of the vehicle but disputed its liability, as the 1 vehicle had been modified post purchase by a third party 3 to run on propane. Modification is not covered under the GM Express warranty. The SOAH held a hearing February 15 4 The judge issued a PFD recommending dismissal 5 in Austin. 6 as the modification was not covered under the GM warranty. 7 Staff concurs with the PFD and respectfully 8 requests adoption of the proposed order in your packet, with the corrections as noted to the PFD. 9 MR. RUSH: I'll abstain from this because I 10 think we sold the truck. 11 MR. VANDERGRIFF: Pardon me? 12 13 MR. RUSH: I think we sold the truck, didn't we? 14 15 MR. VANDERGRIFF: Did we sell the truck? 16 MR. RUSH: Did Rush sell the truck? I think 17 that's right. MR. GLADNEY: It appears that way, yes. 18 19 MR. RUSH: Then I'm going to abstain. MR. VANDERGRIFF: So we're going to have Board 20 Member Rush abstain, just noting that for the record. 21 MR. RODRIGUEZ: I move we proceed with the 22 recommended action, Mr. Chairman. 2.3 24 MR. VANDERGRIFF: We have a motion. Do we have a second? 25

MS. JOHNSON: I'll second. 1 MR. VANDERGRIFF: We have a motion from Board 2 3 Member Rodriguez, a second from Board Member Johnson. All those in favor please raise your right hand. 4 (A show of hands.) 5 6 MR. VANDERGRIFF: The motion carries with one abstention, and that is Board Member Rush. 7 8 MR. GLADNEY: I have one last case, Latin v. Nissan, Cause No. 12-0135 CAF. 9 In this case the 10 complainant alleged ongoing radiator problems in her 2009 Infiniti. A SOAH hearing was held on May 23 in Houston. 11 The evidence at hearing determined that there was 12 13 insufficient proof to show an existing defect at the time of the hearing. The SOAH judge PFD recommended dismissal 14 15 of the case. 16 Staff concurs with the ALJ's findings and 17 respectfully requests adoption of the proposed order in your packet, with the corrections as noted to the PFD. 18 19 MR. RODRIGUEZ: So moved, Mr. Chairman. MR. VANDERGRIFF: We have a motion from Board 20 Member Rodriguez. Do we have a second? 21 MR. RUSH: Second. 22 MR. VANDERGRIFF: Second from Board Member 2.3 24 Rush. All those in favor please raise your right hand. (A show of hands.) 25

1	MR. VANDERGRIFF: The motion carries
2	unanimously.
3	MR. GLADNEY: That's all I have.
4	MR. VANDERGRIFF: Thank you.
5	We're on 3.B which I believe is Mr. Harbeson.
6	MR. HARBESON: Yes, sir.
7	Again, my name is Bill Harbeson. I'm the
8	director of the Enforcement Division for the Texas
9	Department of Motor Vehicles.
10	Before the board today are 31 enforcement
11	motions for disposition, and these are cases where the
12	respondent in the case defaulted, and therefore, the case,
13	per our rules, comes back to you for final decision as
14	recommended by the staff.
15	In regard to item 26, we discovered after
16	putting it on the agenda and before you that this item
17	should not be in front of the board but actually goes to
18	the director of the Motor Vehicle Division because of the
19	nature of the allegations.
20	So staff today is requesting that you approve
21	items 1 through 25 and 27 through 31.
22	MS. JOHNSON: So moved.
23	MR. WALKER: Let me look at 26.
24	MR. VANDERGRIFF: We do have a motion from
25	Board Member Johnson, we do not have a second yet.

MR. PALACTOS: I'll second. 1 MR. VANDERGRIFF: We have a second from Board 2 Member Palacios. 3 MR. WALKER: Can you explain to me again why 4 we're removing 26? 5 6 MR. HARBESON: Yes. The board has jurisdiction 7 over matters where the violation is handled under Texas 8 Occupation Code 2301. In this particular case it was a violation under Transportation Code 503, so the 9 jurisdiction for the final order in this case is with the 10 Motor Vehicle Division director and not with the board 11 itself. 12 13 In the course of the month I sign a number of orders as the Motor Vehicle Division director that are of 14 15 this nature, so you're essentially looking at 16 approximately half of the enforcement actions that come 17 forward every month. The 2301 cases come here, the 503 18 Transportation Code cases go to the Motor Vehicle Division 19 director. 20 MR. RODRIGUEZ: Mr. Chairman, I have a couple of questions here. 21 22 MR. VANDERGRIFF: Please. MR. RODRIGUEZ: One comment, I'll ask the 2.3 24 executive director to note that thus far there have been 25 three errors in the postings so we need somebody to look

at this in the future -- I'm sorry -- the director to take a look at that just so that we don't have any, or to limit that to the extent that we can.

Mr. Harbeson, there are 31 actions, now there are 30 actions, less number 26. Is that correct?

MR. HARBESON: Yes, sir.

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MR. RODRIGUEZ: And I know you've kind of laid out some information before but I look at all these and there are some common threads amongst a lot of these, yet the ranges of punishment go from \$1,000 to \$9,000, and I'm just trying to figure out how we get there.

MR. WALKER: We have a schedule, Victor.

MR. HARBESON: The amounts that the staff recommends are based on the matrix that we presented to you at an earlier meeting, and in addition to that, a number of factors that are found in the Code itself, the history, the nature of the violation, consumer harm, and what is necessary to actually provide a deterrent in a given case. So that's why there's variations on a given case. If there's a particular case --

MR. RODRIGUEZ: I'm looking at this from this level and I'm looking at limited information based upon what's in front of us. I see some common threads. I mean, failure to maintain records or failure to provide satisfactory and reasonable evidence is probably in 40 to

55 percent of these particular cases, and yet the penalties range from \$1,000 to as high as \$9,000. And I'm not going to examine this, I'm just trying to get you to explain this for public consumption as to why they're different.

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MR. HARBESON: Again, we will look at each case based on the facts in the case, looking at the history.

MR. RODRIGUEZ: It's only a staff member's opinion that that should be the amount.

MR. HARBESON: The staff attorney will look at that matter, and then it will go through the managing attorney.

MR. RODRIGUEZ: I don't have any other questions, Mr. Chairman.

MS. RYAN: The checks and balances are the matrix is your initial start, the staff attorney makes recommendations, management reviews and then approve before it comes to us here, so those checks and balances are consistent and in place I think is probably what we want to hear.

MR. HARBESON: That is correct, ma'am. When the case goes forward to the managing attorney, the staff attorney will have done an analysis in the notes of the file explaining I came up with this number based on these factors.

MR. RODRIGUEZ: And all I'm saying to you is it looks rather arbitrary. I mean, I understand that, it looks arbitrary, but you've got \$1,000, \$2,000, \$3,000, \$9,000. I don't see a \$3,255.02. I mean, the numbers, by virtue of just their creation here, they look rather arbitrary. And that's the only observation I'm making on this.

MR. HARBESON: If you'd feel more comfortable, we could do a better analysis in the writeup that we provide you on these.

MR. RODRIGUEZ: I mean, I was trying to get you to understand that, that they appear arbitrary in spite of it.

MR. HARBESON: Well, I mean, I can respond that we do go through that analysis on the case using the matrix and looking at the facts in the individual case.

MR. RODRIGUEZ: I understand that. I'm just saying when you sit there and say this is an \$8,000, that's rather arbitrary. That's my comment to you.

MR. WALKER: Well, as far as I know, this issue has been before this board before, and I know it's been here twice and I know that you brought us a schedule at one time that says these are the parameters of how we levy the citations. We've asked how we got to \$1,000 on particular cases and \$8- on others, and you said, Well,

this guy has violated and this is not his first time, he's been warned three other times, and so he's got multiple violations. But you also had a schedule I believe you brought to us. I don't have it with me.

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MR. HARBESON: Yes. There's fines for the first, second and third violation of each of the violations that we deal with. It's around a four-page document. And so the attorney will look at that schedule, look at what he has in front of him as far as the facts in that given case, and start calculating what the recommended penalty is.

MR. VANDERGRIFF: Mr. Barnwell.

MR. BARNWELL: Mr. Harbeson, without getting into the weeds too far with this, because this is a staff function and something that you've obviously been handling, but it might be instructive to us to see whether this is first, second or third violation, just how egregious is it, because sometimes people just refuse to abide by the rules and regulations, and in those cases, I can understand that the penalty could be substantially greater than for a first violator who inadvertently violated the rules.

MR. HARBESON: We certainly can put more detail.

MR. BARNWELL: And I'm not asking you for a

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full explanation because it's not really our job here, I don't think, to look over your shoulder and make sure that we agree with every single thing that you're doing because we already have a matrix and we already have a formula and a methodology for levying these penalties. I'd just like to know if some of these are first, second, third, fourth, fifth violators or not.

MR. BARNWELL: We can certainly add that information to the briefing packet.

MR. BARNWELL: Just how bad is it.

MR. HARBESON: Yes, sir.

MR. VANDERGRIFF: I'll ask if any of the other board members have any questions.

(No response.)

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MR. VANDERGRIFF: Before we close it, I'm not sure, it's been so long since we talked, if I have a motion and a second on the floor or not on this particular one.

MR. PALACIOS: We do.

MR. VANDERGRIFF: That's from you and Ms. Johnson.

The thing I want to note for the board in line with this discussion, I think the comments made are very good and certainly can be looked at by this board, but I do want to note, and the best way to do this is through an

example, that after our last board meeting I attended, along with the executive director, an annual convention of the RV industry here in Austin, and we went to a dinner and Bill Harbeson was there with us. And Ms. Brewster got a very warm reception, I was pleased for that on behalf of her, and the department certainly gets a warm reception. The applause for us as they introduced the obligatory people in the audience that they needed to do was just kind of scattered, and then they introduce Bill Harbeson and he nearly got a standing ovation from the people there and certainly got more than any public servant who was in the audience that was there.

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And the reason for that, and this is to note here, I think, for the audience and for the board, is that the industry as a whole out there, the department is doing, relative to where we've been, an amazing job at being very open, very transparent, very detailed and precise with respect to we're here to help you educate and learn and understand what the rules are. First mistake is basically on us. We may not have done a good job of training you, and then the next few progressively get to a different level.

I think the industry as a whole, obviously I mentioned RVs, but I believe the independent franchise, all aspects of that, this is the best it's ever been,

1	doesn't mean it can't be improved. So I want to again
2	compliment Mr. Harbeson and his staff for doing that.
3	MR. HARBESON: I'll send that back. Thank you,
4	sir.
5	MR. VANDERGRIFF: Thank you.
6	MR. RODRIGUEZ: May I ask one more question,
7	Mr. Chairman?
8	MR. VANDERGRIFF: Sure.
9	MR. RODRIGUEZ: Mr. Harbeson, what's our rate
10	of collection on these?
11	MR. HARBESON: These particular cases?
12	MR. RODRIGUEZ: Yes, sir.
13	MR. HARBESON: The only time we would ever
14	collect one of these is if that party decided to reenter
15	the industry; otherwise, they have an administrative
16	penalty levied against them that's out there. Yes, sir.
17	MR. WALKER: We don't turn these over to the
18	Attorney General for collection?
19	MR. HARBESON: No, sir.
20	MR. RODRIGUEZ: Do we turn these over to the
21	Comptroller for any other assessment or anything?
22	MR. HARBESON: Well, no, sir, we don't.
23	MR. WALKER: How about an answer to the
24	question?
25	MR. HARBESON: Do we turn them over to the AG?

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MR. WALKER: No. The original question was 1 2 what percent of these do we collect. MR. HARBESON: Zero. Well, let me correct 3 that. On these particular cases the motions for 4 dismissal, these are defaults, these are people that have 5 6 decided not to participate any further in the system, so you'll see revocations of licenses and we will not renew 7 8 their license unless the penalty has been paid. Do we have the ability to turn them 9 MS. RYAN: over somewhere else, or do we not have that ability to 10 turn it over the Attorney General or the Comptroller? 11 MR. HARBESON: It's been my experience on 12 13 amounts that we're looking at here, the Attorney General would not be interested in pursuing these matters, and 14 15 that's based on a number of years of handling enforcement 16 matters. The dollar amounts are just not there that they 17 want to invest time to go forward on these cases. MS. RYAN: A licensing agency or anything? 18 19 MS. JOHNSON: We can stop-law stickers. this be stop-lawed? 20 MR. HARBESON: I'm not sure ma'am. 21 MR. RODRIGUEZ: Without getting into more of 22 this, Mr. Chairman, I'd ask that at some point, maybe, the 2.3 24 department can provide us a report of how much is 25 outstanding, number one, and number two, a review of the

subject matter with our attorneys and see if there is a 1 means of enforcement action for collection of these. 3 MR. VANDERGRIFF: Okay. MR. RODRIGUEZ: But that's separate of this. 4 Ι didn't want to take it any further. I was going to ask 5 6 you what's our collectable out there, and you probably don't know right offhand. 7 MR. HARBESON: Are they collectable? 8 MR. WALKER: We don't know how much is out 9 10 there. MR. RODRIGUEZ: Today we have 31 cases of at 11 least \$1,000, so there's at least \$31,000 that we're 12 13 assessing today. How many of those fines, how much do we have out there that we've assessed? How much is due us in 14 15 all our fines we've ever imposed? Do we know what that 16 is? MR. HARBESON: I can find that out; I do not 17 know what that number is today. 18 19 MR. WALKER: Well, let me ask another question to Ms. Flores, over there, how do you book these 20 MS. FLORES: Good morning. For the record, my 21 name is Linda Flores. I'm the chief financial officer for 22 the Department of Motor Vehicles. 2.3 24 Any bad debt, if you will, something that is uncollectable --25

1	MR. WALKER: Excuse me, before we get to bad
2	debt, let's get to how do you book citations, that's
3	billing that's not collected.
4	MS. FLORES: If we collect it, it's deposited
5	to an administrative penalty fee code.
6	MR. WALKER: If you collect it.
7	MS. FLORES: If we collect them.
8	MR. WALKER: You don't account for how much is
9	out there uncollected?
10	MS. FLORES: We will book the revenue that's
11	due to the State, we do book that on our financial
12	statements.
13	MR. WALKER: So all of this uncollected billing
14	is out there on our financial statements that is not
15	collected.
16	MS. FLORES: Correct.
17	MR. WALKER: That's false reporting.
18	MS. FLORES: Any revenue that is not collected
19	remains on the State's books forever.
20	MR. VANDERGRIFF: Let me stop you. That's all
21	agencies out there.
22	MS. FLORES: That is all agencies.
23	MR. VANDERGRIFF: Yes. We're following the
24	State procedure.
25	MS. FLORES: Correct. The agency does not

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write off bad debts. It's a debt, and if not here, if
they do an other business with any other state agency,
they are flagged as owing money to the State, so they
cannot open up a new business, get any kind of certificate
or license until that revenue is paid to the State and
they've cleared their account with the State of Texas.

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MR. RODRIGUEZ: Now, again, I hate to take this any further, but the uncollectable, is that in the name of a business or in the name of a person?

MR. HARBESON: They're both. It depends on who the licensee is, so we have corporations, partnerships and individuals.

MR. PALACIOS: The concern, obviously, aside from the collection, it's probably millions and millions of dollars that we're booking through the years.

MS. FLORES: Through the years.

MR. PALACIOS: But the bigger concern is that we could have habitual violators that continue to commit whatever acts they're committing and with no penalty aside from the fact that when they renew, they can't renew. But to Mr. Rodriguez's question, most of these are independent dealers, so the concern would be they have these fly-by-night shops, commit whatever acts, are slapped on the hand, fined, they never pay the fine, they open up another fly-by-night operation, and they just continue. I mean,

I'm more concerned about stopping these violations, stopping these types of operators, and it doesn't seem there's really any penalty. If there is, they don't pay.

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MR. HARBESON: If it's an individual, first of all, and they owe us money from a previous action, their application will be flagged and an action will be pursued against them to collect the money or they're going to have to get out and not become licensed. If it's a corporation, it's a little more difficult because they'll just go down and form another corporation.

MR. PALACIOS: Exactly.

MR. HARBESON: We ask for who the owners of this corporation are and we do a search on that information to determine whether we have somebody out there. And the real problem from an enforcement standpoint is sometimes we'll have, for instance, a daughter or a wife no way engaged in the business but they're used as the front for the new corporation to go back in business. And we have a case going on right now in Galveston County where that happened, where we pursued the agent to a point where he got out but family members have now reincorporated and we're investigating that case to determine because the orders you sign provide that that liability continues on with them or any organization of which they're an owner, member or officer.

So we just have to go in and do our 1 investigation, prove up that bad guy one who owed us the 2 3 money is now actually the manager of new corporation two, and we'll go after that license next. 4 MR. VANDERGRIFF: I'm going to suggest, and I'm 5 6 not trying to stop the questioning, but this is a 7 discussion that probably merits -- I'm going to ask the executive director -- merits future discussion and a more 8 detailed briefing in front of the board as a part of a 9 10 planned agenda item. Would that be acceptable to the board? 11 MR. RODRIGUEZ: Yes, absolutely. And I think 12 13 that discussion should include whether or not legislation is required. 14 15 MR. PALACIOS: Yes. Mr. Chairman, again, I am 16 concerned with the loosening of the rules now with 17 licensing and so forth, I just want to make sure now that we haven't made it too easy for these types of operators 18 19 to renew their licenses. 20 MR. VANDERGRIFF: That's a very good point. So Ms. Brewster, can we bring this back up 21 perhaps at the next board meeting? 22 MS. BREWSTER: Yes, Mr. Chairman. 2.3 24 MR. VANDERGRIFF: Okay. Thank you very much. 25 MR. WALKER: I have one more.

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1	MR. VANDERGRIFF: This is on the case itself?
2	MR. WALKER: Yes.
3	MR. VANDERGRIFF: Okay.
4	MR. WALKER: Let me go back to this 503 and
5	204. 204 is under the Labor Code. Right?
6	MR. HARBESON: 2301 is under the Occupations
7	Code; 503 is under the Transportation Code.
8	MR. WALKER: Okay. And under the 503 that has
9	to go to the division director?
10	MR. HARBESON: Director.
11	MR. WALKER: Okay. Can I ask you for
12	clarification then? If I were to go to this other case
13	here that's on this overall docket which is a license of
14	RV and Boat Liquidators, and I don't know what number it
15	is but it's the Matter of the License of RV and Boat
16	Liquidators. If you go to number 1 right there, that says
17	it is also under Section 503.062, exactly the same thing
18	under the Transportation Code, so why would that be over
19	here?
20	MR. HARBESON: Because there are also included
21	in that particular case violations of Transportation Code
22	501 which is the board's jurisdiction.
23	MR. WALKER: So how does that work where we
24	have a combination of multiple violations?
25	MR. HARBESON: If any of those come under the

board's jurisdiction, the case goes to the board. 1 MR. WALKER: So if anything comes under there, 2 3 then they all go to us. The entire case which would also MR. HARBESON: 4 include 503 cases, so the 503 case is the Motor Vehicle 5 6 Division director is looking at would be exclusively 503 and rules under 503 violations. 7 8 MR. WALKER: That's interesting. Thank you. MR. VANDERGRIFF: Any further questions? 9 MR. BARNWELL: One quick thing, it won't take 10 but a second. The 501/503 example that we have here, who 11 recommends the penalty? Is the \$3,000 penalty a 501 12 13 penalty or a 503 penalty, or is it a combo? MR. HARBESON: It would be a combination of all 14 15 the allegations of which they've been found to have violated. 16 17 MR. BARNWELL: Okay. And then our job is to approve or disapprove that proposed penalty. 18 19 MR. HARBESON: That's correct, sir. Thank you. 20 MR. BARNWELL: Okay. MR. VANDERGRIFF: Thank you. Any further 21 discussion, questions? 22 2.3 (No response.) 24 MR. VANDERGRIFF: Seeing none, please raise 25 your right hand in support of the motion.

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(A show of hands.)

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 $$\operatorname{MR.}$$  VANDERGRIFF: The motion carries unanimously.

Thank you. And Mr. Harbeson, you are still up on item 4.A.

MR. HARBESON: I am. Mr. Chairman, with your permission, I would like to ask Michelle Lingo to brief the board on these. She's been the staff attorney that's really driven these two matters from birth to where they are now, and as the staff member really pretty much solely responsible for these two matters, I would ask your permission to allow her to brief the board on these matters.

MR. VANDERGRIFF: By all means.

MS. LINGO: Good morning. I'm Michelle Lingo, staff attorney at the Motor Vehicle Division under the direction of Interim Director Bill Harbeson.

Agenda item 4.A is presented for the board's adoption of amendments to four rule sections in Chapter 215. On June 14 of this year, the board approved publication in the *Texas Register* of the proposed amendments to implement statutory requirements and to support streamlining and license process simplification initiatives of the Motor Vehicle Division. The amendments relate to licensing fees, renewals, processing, and the

amendments implement changes to the Texas Blue Laws promulgated in the 82nd Texas Legislative Session.

No comments were received to the June 29 Texas Register proposal. If the board approves the amendments today, staff anticipates publication of the adoption in the Texas Register on or about September 28, for an effective date of October 4. Staff recommends that the board adopt the proposed rule amendments without changes.

I'd be happy to answer any questions that you might have on this package.

MS. RYAN: Move to approve the adoption of the amendments to Chapter 215, as presented.

MR. RUSH: Second.

MR. VANDERGRIFF: We have a motion from Vice Chair Ryan and a second from Board Member Rush. Any discussion?

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(No response.)

MR. VANDERGRIFF: I do want to note one last time what an excellent job that you did, Michelle, and I'm sorry that Board Member Ingram is not here today because I know he worked with the advisory committee very hard on this particular item and I think it's going to be of great benefit to the industries that we serve and certainly beneficial to staff records. So very good.

With that, please raise your right hand in support of the motion.

(A show of hands.)

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MR. VANDERGRIFF: The motion carries unanimously.

MS. LINGO: Continuing on to agenda item 4.B, is the proposal of publication in the *Texas Register* of more Chapter 215 amendments and new rules. The rules implement certain provisions of Senate Bill 529 from the 82ng Legislative Session and represent general consensus among the Senate Bill 529 Advisory Committee members and discussion forum participants, representing a crosssection of the entire motor vehicle industry here in Texas.

Staff recommends the board approve publication of the proposed rulemaking with one change to the materials originally submitted. In rule Section 215.307, staff recommends the rule amendment proposed in subsection (c) be deleted and subsections (d) and (e) be relettered accordingly. This modification in no way changes the meaning, requirement or pool of applicants to which the rule provision will apply.

If the board approves the proposal package today, staff anticipates *Texas Register* publication on September 28, followed by a 30-day comment period that

will close on October 29. Staff will then respond to any of the comments received and prepare an adoption package that would then be considered at a further open meeting.

Today staff recommends the board approve the proposal package for publication and the taking of public comment, including modification to the proposed amendments in Section 215.307 as discussed.

I'm available to answer any questions whatsoever.

MR. PALACIOS: I move to approve the publication of the proposed amendments to Chapter 215, as presented.

MS. RYAN: Second.

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MR. VANDERGRIFF: We have a motion from Board Member Palacios and a second from Vice Chair Ryan. Any discussion, questions from any of the board members?

MS. RYAN: I'd like to note that the changes were due to not staff but we did a last-minute change at our advisory meeting on the 6th after the documents had been prepared, so the advisory committee created that, that was not a correction due to anything staff did.

MR. VANDERGRIFF: And we do have a briefing item from the board on the advisory committee, so I'll reserve comment till that time. But with that, we have a motion and a second. Seeing no indication of further

discussion, please raise your right hand in support of the motion.

(A show of hands.)

 $$\operatorname{MR}.$$  VANDERGRIFF: The motion carries unanimously. Thank you.

MS. LINGO: Thank you.

MR. VANDERGRIFF: We're now into the briefing and possible action item part of our agenda on number 5.

We have a board committee update from the Finance

Committee. Mr. Palacios.

MR. PALACIOS: Yes. I'd like to call on Mr. Bill Lawler. Mr. Lawler will give us an update on his audit report going forward.

MR. LAWLER: Good morning, Mr. Chairman and board members. For the record, my name is Bill Lawler, I'm the director of Auditing for the Department of Motor Vehicles.

What we've put before you is our proposed internal audit plan for Fiscal Year '13. We have prepared this based upon the best information that we have as far as the risks that face the agency at this time, and given the limitations of resources that we have we've tried to prioritize those engagements that we believe would provide the most value to the agency as far as addressing those risks.

We've set out the plan actually in two tables which are provided on pages 3 and 4. Table 1 is a list of engagements that we expect to provide a formal report to the board at the conclusion of, and Table 2 provides those engagements that we may or may not have a formal deliverable at the conclusion, they may end up with advice to either Ms. Brewster or the division director or a possible briefing to the board.

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If you would like me to walk you through those proposed engagements, we can do that.

MS. JOHNSON: Just one comment or question; I'm not sure if this is a question or a comment. You might want to contact the Harris County Tax Office, and on your internal audit page where you're looking at the statutory requirement, as we move into -- and you put this in several different places -- as we change systems, as we move forward with this RFP, the current RTS system has multiple locations, we're reporting both former Tax Assessor-Collector Betsy Price and former Tax Assessor-Collector Patrick Bettencourt, you can drive a Mack Truck through our system. And I think it's more internally what happens in a tax office that allows fraud.

If you could get with either of those two individuals to identify what those risks are so when we move forward with the new plan, you can ensure that those

aren't something that are going to be in place, and at least keeping that in the back of your mind, because you're going to be overseeing some areas of that implementation as well. Right?

MR. LAWLER: Yes, ma'am.

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year.

MS. JOHNSON: In the future, maybe not in this

MR. LAWLER: Yes, ma'am. And I would direct yo to Table 2 where we look at the registration and titling quality assurance review. Those are some of the concerns that came up as we gained a better understanding of the RTS system, as well as when we went out on our field visits to Harris County, among others, and so we hope to reach out to the tax assessor-collectors in the process going forward, and also work with Mr. Elliston and his division to understand and better address some of these risks.

MS. JOHNSON: Excellent. And I have to warn you in advance, once you open up the door, we will talk your ears off.

MR. LAWLER: Our door is always open to anyone who wants to share with us information because we are in the information business, and so we've got to keep our eyes and ears open always.

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MS. JOHNSON: Thank you.

MR. VANDERGRIFF: Mr. Rodriguez, do you have a 1 question? 2 3 MR. RODRIGUEZ: Yes, sir, I do. Mr. Lawler, I'm looking for your name. And by 4 the way, we have a few documents in our document that 5 6 neither show the document author's name on them, so I'm just making that observation for our executive director. 7 8 Mr. Lawler, in your view audit is designed --9 the auditing process that we have in our governmental processes is designed to minimize risk. Would you agree? 10 MR. LAWLER: That is one of our functions, yes, 11 sir. 12 13 MR. RODRIGUEZ: Typically, when we think about audit we're thinking about dollars and cents. Would you 14 15 agree? Typically. 16 MR. LAWLER: Could you repeat that? 17 MR. RODRIGUEZ: When we think about audit, we typically think about dollars and cents. 18 19 MR. LAWLER: That is one impact, yes, sir. MR. RODRIGUEZ: But it also can be policy, 20 audit of policy to make sure that policy is steering 21 things the right way. 22 MR. LAWLER: Yes, sir. To give you some idea, 2.3 24 we're required to comply with the Institute of Internal 25 Auditors professional framework, and it sets out the

general guidelines that we address, risk, control and governance. And so, yes, sir.

MR. RODRIGUEZ: That was my point. So audit also includes review of governance.

MR. LAWLER: Yes, sir.

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MR. RODRIGUEZ: This document proposes that this is a result of a risk assessment process.

MR. LAWLER: Yes, sir.

MR. RODRIGUEZ: And my question to you is who conducted the risk assessment.

 $$\operatorname{MR.\ LAWLER:}$$  That would have been my staff and myself.

MR. WALKER: Can I interject here for a second?

MR. RODRIGUEZ: Yes, sir.

MR. WALKER: In defense of Mr. Lawler, I'm the committee that approved this internal audit plan with the Audit and Finance people, Mr. Palacios over there, and Mr. Lawler presented in the original plan his formulations of how he came up with those risk assessments. It was so far over my head and most of the committee members that we asked him to go back and delete his formulations that he used because we didn't think anybody on the board or anybody in the room, to be honest with you, would understand the mechanisms that he used, and if you'd have seen the formula, it was the sum of the digits of the --

it was something you'd have seen out of a fifth year 1 algebra book it looked like. But we asked that that be removed from the book 3 because we thought that it was something that would only 4 confuse and other people when they looked at it, so it's 5 6 not his fault that it's not in there. 7 MR. RODRIGUEZ: Table 2 suggests that there could be other activities. 8 MR. LAWLER: Yes, sir. We have reserved an 9 10 amount of time for both requests from board members or direction from the board as a whole or requests from 11 executive management. 12 13 MR. RODRIGUEZ: And my understanding is that this plan accounts for about 67 percent of the time of the 14 15 staff in Audit. Is that correct? 16 MR. LAWLER: The director auditable hours, yes, sir. 17 MR. RODRIGUEZ: Mr. Chairman, I'd suggest that 18 19 we consider, either now or at a later time, auditing also our compliance with legislative goals and also our 20 compliance with whatever a review of the collection rate 21 22 of fines we discussed earlier that we also, at some point, either now or at a later time, consider adding those to 2.3

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And the last thing I have is Mr. Lawler, audit

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our audit plan.

plans are public documents? 1 2 MR. LAWLER: Yes, sir. 3 MR. RODRIGUEZ: Would you find two or three state agencies of your choosing, a sizable, at least our 4 size or bigger, and provide us a copy of their audit plan? 5 6 MR. LAWLER: Yes, sir. MR. RODRIGUEZ: At least me, and I don't know 7 8 if anybody else wants it. MR. LAWLER: Matter of fact, I downloaded 9 10 TxDOT's '13 audit plan from their website recently and I have access to others. 11 MR. RODRIGUEZ: I'd like to see other audit 12 13 plans, but I don't know if anybody else wants them. MR. LAWLER: I will get those for you, sir. 14 MS. RYAN: I'd send it to the complete board. 15 16 We don't have to read it but at least we have access to it 17 in case it comes up, would be my suggestion. MR. VANDERGRIFF: I think that's certainly 18 19 appropriate that the whole board receive that. 20 MR. WALKER: Well, in Bill's defense, I have to tell you that the Finance and Audit Committee, we scaled 21 22 this document way back because we thought that a smaller document would be a more appropriate document without all 2.3 24 the explanations in there, and if you want to see a whole

bunch more detail, we're going to go right back to where

25

he was.

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And what Raymond and I and Blake tried to do was to scale this document back, and as far as some of the assessments, when we looked at this document in the committee level, we also reviewed, Victor, what we thought, and with this input, where the scale of importance was for us. And I think, Raymond, did we not make some changes in the order of what we thought needed to be.

MR. PALACIOS: We did. And to Mr. Walker's point, we've had two meetings, the first in August, a Finance and Audit meeting, which went on for a couple of hours, going over this report. It was very lengthy, very detailed, to Mr. Lawler's credit, very extensive, and again, there was an algorithm there that determined how we ranked the different risk factors and we did ask him to scale it down in the format of the report that he has now. We met again September 5 and were presented with this revised report that we thought was more concise, more to the point, and again, to Mr. Walker's point, we can go over the detail if you'd like. We thought for the sake of expediency and for the sake of really just getting more to the point, we'd have this format.

MS. RYAN: Not to add conflicting direction, but one suggestion would be leaving the detail but

providing an executive summary. That way, for those that want a higher level, an executive summary gives all the information in the report, the detail is available with the report, and that might give everybody the information and levels of detail that's needed, depending on the situation we're questioning.

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MR. RODRIGUEZ: All that's fine, Mr. Chairman. All I'm trying to do here is audit is a means by which we can introduce a checks and balances into the operation of our agency and making sure that we're getting -- we can sit here many meetings and have staff tell us one thing and then audit finds something different. And all I'm trying to do is just make sure that we use this function wisely. I'm not saying it's not wise, I'm just telling you I want to satisfy myself when you present a plan here, this is our annual audit plan and we're saying these are the things we'd like to check on in our system to make sure we're going in the right direction.

And comparatively, I think when we look at others, you'll see how other departments use their audit processes. This is generalized and I don't think it's enough detail for me to say yes, this is our audit plan. You've got four or five items you're going to audit here, and I realize there's a lot of scaling down to get here, but you're asking us to approve this as an audit plan.

MR. WALKER: Let me interject again, Victor, let me kind of explain to you what Mr. Lawler does for us. He is our internal auditor to assess where we have risks of exposures of the agency not being run correctly.

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MR. RODRIGUEZ: I graduated high school, Mr. Walker.

MR. WALKER: And so when we looked at where those risks were, we assumed -- and there's more than three or four items, I think there's thirteen items over here.

MR. RODRIGUEZ: All that's fine. I'm just saying you're asking me to decide on this question, I have these observations, and that's all, and I'm exercising that option and that right.

MR. VANDERGRIFF: Everyone is making all very good points. I first just want to kind of go back and note that Mr. Lawler works at the pleasure of the board, I think he's got a significant amount, percentage-wise, of his time set aside to deal with issues as they come up for the board. I know from a personal experience from my perspective as chair, when there has been an issue that a board member or it's an unusual item that comes up, he does have time and ability in that to take care of.

The second I want to note is that the request regarding legislative oversight, collection rate of fines,

I think are duly noted and I would expect that he will be able to come back to the board with some thoughts on those, as well as certainly to give you other audit plans from other agencies. On a personal note, I know that he's looked at those.

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I also want to note that the committee, as both the chair and Mr. Walker, and also Mr. Ingram is a member of that committee, have probably spent at least half a dozen hours in committee meetings and untold hours outside of that working in detail, and that's one of the benefits of our committee process. That certainly does not prohibit any member and it doesn't discourage from bringing up questions here at this meeting which has been done, so I think those can be addressed.

And I would advise that perhaps if the board as a whole wishes in the future to see a larger presentation at this level, then we certainly can do so, but also acknowledge that the committee itself has spent a lot of time on the detail, as well.

MS. RYAN: Can I ask for a clarification?

MR. VANDERGRIFF: Sure.

MS. RYAN: Table 1 are the items that have been determined that are definites and those reports will be presented back to the board once they're completed.

MR. LAWLER: Yes, ma'am.

MS. RYAN: Table 2 are other activities and final deliverables to be determined, which means they may or may not rank to be presented to the board?

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MR. LAWLER: Yes, ma'am. Based upon the results, what we believe to be the most productive deliverable because the results may be of a confidential nature and may be handled at the management level, then we may or may not develop a formal report on these. But we intend to keep the Audit and Finance Committee apprised, as well as the chairs of the board, apprised of our findings and our results as we roll out, and so those may be in confidential communications rather than formal reports.

MS. RYAN: So one suggestion, and there can be discussion with the board, monitoring of the TASP projects, high visibility, large risk factor involved in that project, because if I understand, that's the a/k/a our automation project, formerly known as. Right?

MR. LAWLER: Yes, ma'am.

MS. RYAN: That one, not that I think the committee isn't fully responsible, but that is one I think the board should probably get regular updates on, and I don't know how the decision was made to keep it from Table 1, but that would raise a concern for me.

MR. LAWLER: Well, actually, I made the

decision to not perform that work as a formal audit because in a formal audit we would have to go through particular steps and come out with formal reports that I don't believe that that project will be in a state that would lend itself to formal audit for some time. And so that's why we believe that our best participation is in monitoring, as well as once the development of the project gets undergoing that we advise on the design and ensure that controls are built into the new system to address certain issues that Ms. Johnson has noted earlier.

MS. RYAN: So could you keep that structure but move the updates to the board?

MR. LAWLER: Yes, ma'am.

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MR. RODRIGUEZ: And all I'm saying to you, I agree with you, you may not be in a position to necessarily audit those projects from start to finish, but it could be audited to determine whether or not we're meeting either legislative, department or appropriations goals. If in either one of those processes we allotted X number of dollars for that project and we're at 75 percent through the last legislative period now and we've spent 10 percent, that's the kind of stuff we'd like to find out as to why we're not doing this. And when I talk to you about auditing whether or not we're meeting those goals in some areas, that gives us the ability to go back and check why

is this work not being done.

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But when I say to you that I'd like to have those considered whether or not we're meeting legislative appropriations, those type of things that we said we would do, that's what I'm talking about. I'm not asking you to check and see whether or not we're down to one computer or ten computers or that stuff, but I don't disagree with the vice chair, Ms. Ryan, on what she's asking.

MR. LAWLER: And Chief Rodriguez, those are some of the kind of things that, to give you an idea, in addition to the work that we're doing, we're continuously assessing risk and those are the kind of things that we can give you updates as we go and those can be in a confidential format that don't result in a public report.

MR. RODRIGUEZ: One thing you did say a little while ago that's true, when you say we're going to do an audit, an audit is a formal process. If we're going to adopt this today, you're going to have to conduct an audit, report findings, have staff respond to those findings, and follow all that stuff and all that stuff, with few exceptions, is going to be an open record.

MS. BREWSTER: Mr. Chairman, f I might add.

MR. VANDERGRIFF: Please.

MS. BREWSTER: Whitney Brewster, executive director for the Texas Department of Motor Vehicles.

I just do want to bring to the board's attention that the agency does intend to move forward with an IV&V vendor for the RTS refactoring project. We are currently in the process of writing up the statement of work. At that point we will then go through the process of selecting a vendor using the DBITS system through DIR which means they have a list of approved vendors that we can submit our proposal to, and we fully intend to have them onboard prior to the negotiations of the RTS refactoring contract. So there will be a process for verification and validation which I fully anticipate we'll bring those items before the board.

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MR. VANDERGRIFF: Is that, in effect, an Audit function as well without that expertise over the automation project?

MS. BREWSTER: Yes, Mr. Chairman, that's exactly right.

MR. LAWLER: And to go further, an IV&V, independent validation and verification vendor, is a technical aspects audit, and so they bring in experts in systems development who verify that particular milestones or components are being constructed according to industry standards, and so we will work with the IV&V vendors to see the progress of the actual development of the systems.

I would point out that as an internal audit

function we are an assurance and consultive function, and so the assurance part is the audit and the consulting is we serve as management consultants to provide our insights, and those don't always end up with a formal report.

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MR. PALACIOS: Mr. Chairman, I would also like to note that we have built into this audit plan 500 hours for specific board or executive director, if there are issues that we've left off of the audit, we've built in some flexibility so the audit team can go in there and address specific issues that we may have. So to Mr. Rodriguez's point, there is some flexibility there. If there's an item that you're concerned about that you'd like the Audit staff to specifically look at, we have 500 hours in there that hopefully we can address whatever concerns you have, and there's flexibility here so we can certainly address whatever you're concerned about.

MS. JOHNSON: Mr. Lawler, more as a comment and kind of a question. We have auditors, both internal and external, in our office every single day, and what I've noticed is nobody is allowed to talk to them because, generally speaking, auditors go and they listen and they're almost like anthropologists and they're listening for a problem, and when you hear something that you think requires attention, would you or would you not bring that

immediately to the executive director or the board's attention, making a recommendation we need to look at this?

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MR. LAWLER: As you've astutely noticed, the basis of the term "auditor" is to audit, is to listen, and as I pointed out earlier, we're in the information business and one of the functions that we have is once we come upon information is making sure that that gets to the people who need it. And so if it's something that I believe can be addressed by a division director, then I'll go to that individual director. If it's something that can be addressed first by a manager, then I'll go to that manager. If it's something that I think needs to be done at the executive level, I'll go to Ms. Brewster. And so, yes, ma'am.

MS. JOHNSON: Thank you.

MR. WALKER: Bill, you might want to explain, also, the peer review process because that may clarify some of Mr. Rodriguez's concerns also.

MR. RODRIGUEZ: I don't have any more concerns.

MR. WALKER: Well, explain it anyway so the rest of us understand it.

MR. LAWLER: One of the things that has been built into the internal audit profession, as well as the audit profession as a whole, is the aspect that we undergo

1	audit from our peers, and so we will be participating in a
2	pool of audits where we will have to donate resources, a
3	certain amount of resources to other agencies' internal
4	audit functions to review those. And to get back to your
5	first question, that's where I get other agencies'
6	internal audit plans because during the peer review
7	process that's one of the first things you get a hold of.
8	And so we will be participating in that, as well as I
9	anticipate that our function will be undergoing peer
10	review in Fiscal Year '15.
11	MR. RODRIGUEZ: Mr. Lawler, if this gets
12	approved today, you will do the audits in Table 1.
13	MR. LAWLER: Those are the first things we're
14	working on. We're actually beginning background work much
15	of that.
16	MR. RODRIGUEZ: And when you do that, you will
17	make a report with your findings and recommendations.
18	MR. LAWLER: Yes, sir.
19	MR. RODRIGUEZ: And you will get that to the
20	entire board?
21	MR. LAWLER: Yes, sir.
22	MR. RODRIGUEZ: It will not get filtered
23	through the committee?
24	MR. LAWLER: It will go through the committee
25	first but

1	MR. RODRIGUEZ: My question was is it going to
2	get filtered through the committee.
3	MR. VANDERGRIFF: I would answer that to be no.
4	MR. RODRIGUEZ: Thank you.
5	MR. LAWLER: It will go to the full board.
6	MS. RYAN: Last question. How often will we
7	receive these updates so that we understand the progress
8	of the work that you're doing?
9	MR. LAWLER: I expect probably monthly, not to
10	inundate you with information, but as needed. If
11	something comes to our attention, as Ms. Johnson pointed
12	out, that I believe that' something that the board needs
13	to be aware of, I'll get that to you as soon as possible.
14	However, on a routine basis, I hope to give you progress
15	reports to let you know where we are and let you know the
16	state of the agency from our perspective on a regular
17	basis.
18	MR. RODRIGUEZ: And that includes the same
19	information to the executive director. Yes or no?
20	MR. LAWLER: Yes, sir.
21	MR. RODRIGUEZ: Thank you.
22	MR. VANDERGRIFF: And I do want to note, too,
23	for the record that Bill and Internal Audit work for the
24	board and the expectation, at least from my perspective,
25	is that when he has a report, he's not asking anyone else

for permission, he's sending it to you directly at that 1 point in time, and so it's incumbent upon us individually 2 3 to read it. But I can assure you that the first time that I see something is the same time you're seeing it, so it's 4 to you directly from him. 5 6 Any further questions? (No response.) 7 MR. VANDERGRIFF: All right. I think this is 8 9 one that I'd be pleased to entertain a motion to approve 10 it and a second. Did we have it already? I'm sorry. discussion has been so long, I want to make sure I 11 remember. 12 13 MS. JOHNSON: I don't think we have a motion. MR. VANDERGRIFF: I didn't think so either. 14 15 MR. WALKER: I so move that we accept the 16 Intern Audit plan, as presented. Second. 17 MS. JOHNSON: MR. VANDERGRIFF: We have a motion from Board 18 19 Member Walker and a second from Board Member Walker. Please raise your right hand in support of the motion. 20 MR. RODRIGUEZ: Can I ask a question, Mr. 21 Chairman, before you take a vote? 22 MR. VANDERGRIFF: Sure. 2.3 24 MR. RODRIGUEZ: Will that include the 25 provisions for adding the legislative compliance audit and

also the collection discussion we had earlier? 1 MR. VANDERGRIFF: That certainly did include 2 3 those, yes. By definition, the audit plan as presented allows for individual action items from the board members, 4 so it certainly can be included in that. If you want to 5 6 make it part of the specific motion, then I'd ask. 7 MR. RODRIGUEZ: I'm just want to make sure that 8 at this point in time we're adding that to the plan. MR. PALACIOS: I'd like some clarity on 9 specifically what that entails. 10 MR. RODRIGUEZ: Then it doesn't, Mr. Chairman, 11 12 so that would answer my question. 13 MS. RYAN: Could it clarify that with the 500 hours that you discussed that includes flexibility that 14 15 those 500 hours, those two pieces or projects get included 16 at least to the point to be vetted. 17 MR. PALACIOS: I'm just not clear. MR. VANDERGRIFF: What I'd like to suggest, if 18 19 I can interrupt here, is perhaps that Mr. Lawler work with Board Member Rodriquez on these two particular points and 20 hone those back in, and then just inform the board that 21 these are added and you might work on them. Would that be 22 satisfactory to you? 2.3 MR. RODRIGUEZ: However we do this. An audit 24

plan, at the end of the day, is a product that the board

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adopts and approves, and we're approaching this right now.

If we're going to modify it, do we need to bring it back

for board approval? Is that the idea?

MR. VANDERGRIFF: The answer is no. There is flexibility built into the plan that allows him to deal with that.

MR. LAWLER: And to speak to your point, Chief Rodriguez, I would say that based upon what I've heard today is those will be my first priority as far as what we add on to the work that's allowed with the reserve, and so I would like to get wit you.

MR. RODRIGUEZ: I understand that. I'm just saying that he audit plan is a standing document.

MR. LAWLER: Yes, sir.

MR. RODRIGUEZ: And what I'm asking you is that we add to that these two particular discussion points. So at some point are we going to modify the document, or is it just going to be something we do and it's transparent to the process?

MR. VANDERGRIFF: I'm going to jump in as well here, from the standpoint of the board. I think that those two items, to be added as a standing issue fro the board, it would behoove us to clarify exactly what that's going to be and to listen to Mr. Lawler at a future meeting what he plans on doing there and for the board to

take action on that.

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We do have the flexibility to adjust to that, so I would ask that we consider the motion that was on the floor and then come back on those two particular items to make sure that it's the detail and specificity that you'd like to see.

MR. RODRIGUEZ: I'll go along with it on that condition, Mr. Chairman.

MR. WALKER: Call for the vote.

MR. VANDERGRIFF: All those in favor of the motion please raise your right hand in support.

(A show of hands.)

MR. VANDERGRIFF: The motion carries unanimously.

We now are on item 5.C which is the approval of the House Bill 2357 -- I'm sorry, I skipped one. We talked about it, and it's the advisory committee update from Senate Bill 529, and of course, Board Member Palacios and Vice Chairman Ryan will be the chairs there.

MR. PALACIOS: I'm happy to give this update.

The advisory committee met on September 6. Members

present were Board Member Ryan and myself, in addition to

committee members from throughout the industry, both the

manufacturers and the retail automotive industries were

represented. The purpose was to try to come up with some

changes to statutory language that would help us to clarify some of the provisions of the statute.

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And I'll, at this point, defer to Michelle

Lingo just to give us an update on the rules and so forth,

and then I'll hit a little bit more on some of the statute

changes to be recommended.

MS. LINGO: Certainly. I'm Michelle Lingo, staff attorney in the Motor Vehicle Division.

On September 6 I worked very closely with Vice Chairman Ryan and Member Palacios. During that September 6 meeting the advisory committee members agreed to consider some points for future rulemaking regarding the concept of good will. In addition, there was consensus that there was no need for rule or statutory changes regarding information disclosure or for the definition of reasonable marketing purposes.

The committee did not reach consensus on respective application on the non-amendatory provisions of Senate Bill 529, Section 16, or what constitutes a new agreement, but did agree that it was certainly an issue that could be clarified before a trier of fact, such as an ALJ or a hearings examiner.

Then as two items for additional discussion, the statutory amendments to Occupations Code 2301.4651 relating to additional payments from manufacturers,

representatives or distributors to dealers in certain situations. The committee decided that yes, there were statutory changes that needed to be made. Those statutory changes were agreed upon in that committee and it was left open as to whether that statutory change could be presented to the legislature or recommended to the legislature by our commission, or whether industry wanted to carry that forward. Industry certainly didn't want to be precluded, and I think everybody was in agreement on that.

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The next one was an item that was presented on the affected counties, and what was concluded as that standing provisions have now expanded in terms of depending on what type of application is filed will determine whether a dealer has standing to protest that application. It appears to have been an inadvertent omission that when you are dealing with an affected county, a relocation in an affected county, or from an affected county to an adjacent affected county, the two-mile concept was included but the nearer -- the concept of nearer the relocation to the protesting dealer had inadvertently been omitted. I didn't say that so eloquently.

But the committee said that industry wanted to present that in a bill that they would go forward with so

that there would be more consistency in the standing provisions among the various types of standing.

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MR. PALACIOS: Thank you, Ms. Lingo.

Again, the goal of the committee was to clarify rules on 529, that was the purpose of the meetings that we've had beginning September 6 of '11. I came onboard in November.

We did reach some consensus on September 6, last week, with the help, again, of our committee members from industry and Board Member Ryan, specifically on good will. I do believe we reached consensus on rules that we could write without having to write statute, and I believe those will be posted going forward because we didn't have enough time to get them into the rules for this meeting, but they will be posted going forward.

The one issue that we, unfortunately, could not come to consensus on was regarding Section 16 which has to do with the definition of what constitutes an agreement, and there's concern among DMV board and staff members that this will cause some issues going forward. There's not a lot of clarity on what, in fact, is an agreement and what is not. Unfortunately, we could not reach consensus at this meeting on September 6, and we'll just have to leave it to industry to work it out because it's not something that we could.

Anything you'd like to add, Board Member Ryan?

MS. RYAN: No. And this will be the third

committee meeting from my perspective, and I think Mr.

Palacios agrees, the discussion and the I wouldn't say

was very solid with the committee, and I think that the agency is better off in the long run for these committee

negotiations, but the discussions and the healthy debate

8 meetings and the types of discussions that occurred and

9 items of understanding both sides, so to speak. So I was

very pleased and happy and I think it will be a good

process moving forward. So I'd like to thank everybody

12 that was involved.

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MR. VANDERGRIFF: I want to particularly note, and obviously I did earlier, on Michelle Lingo's role which I think was excellent from my vantage point of watching. And one of the great things about being the chairman is I don't have to go to the committee meetings. The two board members, Raymond Palacios and Laura Ryan, worked I can't tell you how many hours, three solid days, four days actually, of committee work over the course of the year in the advisory committee, and numerous hours with each other and with staff and then with the folks in the industry.

We have, I know, one member of that advisory committee that was here today, Ken Roche, which really I

classify him as kind of the father of advisory committees because in this very room, in fact, five years ago we had discussions about what the functions of Motor Vehicles should be, inside or outside of TxDOT, and ultimately we got here, but one of the key premises at that very first discussion was the use of the industry in advance of rulemaking and in advance of efforts that it might benefit everybody, and I think it did. So my hat's off to him and the committee as well, from my perspective.

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And last but not least, I have to note, I know most of the board would probably not be as aware of this, but I lovingly -- and please, no one in the audience who things otherwise shoot at me -- but Senate Bill 529 in many ways was the lobbyist informant act of 2011. I never saw so many people lined up on both sides of that, not the people that regularly work for and represent manufacturer dealers, but added hired guns, if you will. This was a very, very explosive, contentious item, and these folks in the industry came together under the auspices of the advisory committee and worked reasonably and effectively with each other to make as best they could consensus on items that needed discussion, and the agency certainly has listened.

So again, I very much appreciate that, Ms. Brewster, and your staff, and certainly for the board's

participation.

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We're now on to item 5.C which is, as required by House Bill 2357, the data consolidation study with DPS, and the Department of Motor Vehicles.

MR. KUNTZ: Jeremiah Kuntz, director of
Government and Strategic Communications. I'm here to
present the report to you for your consideration today on
the study of the consolidation of data. It was a report
the statute required that the department, in consultation
with DPS, conduct a study on the potential for
consolidation of information that we both collect, and
that report was to study including recommendations that
would sufficiently protect the privacy of the public and
the security and integrity of the information provided.

First, I would like to thank Katherine Chambers and the staff of the divisions that helped to put this report together. They worked very tirelessly on trying to work with DPS and come up with recommendations relating to this issue. It was not an easy issue to trying and get a grasp around, a lot of technical requirements related to information technology that had to be put into layman's terms so everybody could understand what we were talking about.

There's been an increased interest around the county on consolidating of information resources, both

from a physical standpoint of the actual servers and the actual infrastructure, but as well on consolidating similar data and information. That effort has really been driven to try and shave costs to try and consolidate information that is similar in nature between agencies so that you can save on storage capacity and those things that are required in order to store very large amounts of data and databases.

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So the concept was that DPS and Department of Motor Vehicles had very similar information, they were both looking at information related to a driver or a vehicle, both agencies would have addresses, information about the individual, information about the vehicle that was needed by both agencies, and therefore, there were some similarities between the data that was being collected.

After we got into the study and really began to evaluate that, while we do have similar data, it's not structured the same, it's being used for very different purposes. Our database right now is structured around the vehicle, their database is structured around the driver, and so they're two very different concepts when you start looking at how that data is structured and how you could potentially try and merge those two pieces of data together into a single record.

One of the findings that we came up with was 1 that at this point in time it's not practical to 2 consolidate those two databases into one database. DPS 3 houses their data on their own database. They've got an 4 exemption from the State Data Center consolidation effort. 5 6 We are required to participate in the State Data Center, and so therefore, we're migrating into the State Data 7 8 Center and they have their own database that sits outside That's one of the challenges that's there. 9 of that. 10 MR. RODRIGUEZ: You say their data is driverbased. 11 MR. KUNTZ: Correct. 12 13 MR. RODRIGUEZ: The driver's license data.

MR. KUNTZ: Correct.

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MR. RODRIGUEZ: We're studying the merging of driver's license data with vehicle owner data.

MR. KUNTZ: Correct. And our data right now has been license plate centric, so it centers around the vehicle. Theirs right now centers around the actual individual.

Obviously, we are making efforts to restructure our database, but at this time it would not be practical to try and merge those two databases together. It would just take a monumental effort to try and restructure the data in a way that it aligned correctly with their

database so that the two could be merged together, and 1 therefore, it just makes it cost-prohibitive and just not 2 practical at this time. It's not that it's not feasible, 3 it's just not practical at this time. 4 MR. WALKER: But doesn't the DIR do that? We 5 6 send the data to the DIR. Right? That's where the data is stored at. 7 8 MR. KUNTZ: The State Data Center is a physical infrastructure. All DIR's State Data Center does is house 9 10 the physical servers; they do not house the data. Our data is structured the way that we have structured it in 11 our database, it's just that our database is physically 12 13 housed within the State Data Center. MR. WALKER: We have to write the programs to 14 15 change the mechanisms. 16 MR. KUNTZ: We would have to restructure the 17 fields within our database in order to get then aligned with the fields that DPS has in their database. 18 19 MR. WALKER: And you said it's not practical to do that? 20 MR. KUNTZ: At this point in time we've found 21 that it's just not practical. Yes. 22 MR. WALKER: But don't we have a statute by the 2.3 24 last legislative session that we have to take and do this?

MR. KUNTZ: We are required to be housed within

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the State Data Center, we are not required to have a single database with DPS.

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MS. RYAN: Knowing that there's an outcome, that we're looking to get there with all the other changes that are being made in the systems, two questions. Is the long-term vision of getting this information to a point that it can be shared built into the other projects? And two, are there low-hanging fruit changes that we can do now that may not get us to the end result but get us closer?

MR. KUNTZ: As we're going through our project of refactoring, we could sit down with DPS and look at how that data is structured and try and come up with some standards. One of the examples that we talk about in here is the address. Right now both agencies do not have a standard format for laying out that address. The example here is that the U.S. Post Office has a standard that we could adopt in our database but at this point in time the two databases don't have that format set together.

For example, you could structure an address to have the address on three lines that include the street number, the address, and the street moniker or street address, circle, whatever, drive, or you could structure that into multiple fields, you could break each one of those components down and have them each sitting in a

separate field. At this point in time we do not have with DPS where we have that structured the same exact way, so when you try and merge those together, it conflicts, it won't allow it because it's got different structures on how those are laid out.

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MS. RYAN: But are we working towards agreeing to a standard with them so moving forward we might have the ability to do this?

MR. KUNTZ: Yes. That's one of the recommendations is to look at standardizing those address fields and the like.

MR. RODRIGUEZ: At the end of the day, we're talking about maybe standardizing the data requirements and where there are commonalities have a cross-reference back and forth, but other than that, we really have two databases. Not ever person with a driver's license owns a car, not every person with a car owns a driver's license.

MR. KUNTZ: Or to the other side, you may have one individual that owns five cars.

MR. RODRIGUEZ: Right. So that's the difference, that's the principal difference. But if we can get to the point where we have similar data construction, it would be possible in the future to have a crosslink where names, for example, or license plates or VIN numbers or addresses are similar in both data fields

they could pop up at one time as opposed to making two separate inquiries.

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MR. KUNTZ: Yes. And as we go through the process that we're looking at right now to capture driver's licenses through an identification document, as we start capturing those, then our database could start being structured in a way that it will link up more easily with DPS for those functions.

MS. JOHNSON: Mr. Kuntz, the secretary of state has a rigid addressing system, very rigid, and Motor Voter creates a nightmare for us because it's not the same at DPS as it is in the secretary of state's system, so we have a lot of problems, and matching the data, normalizing the data is a huge challenge. And we reached out in our county to every jurisdiction we could think of to find out who is the keeper of the addresses, so to speak. At the end of the day, it appears as the USPS is the official addresses but you have 9-1-1, and it might be that at some point in time there's going to have to be a standard that's determined who is the official keeper of the addresses as all the agencies try to move to share this information.

But I would encourage you in discussions with DPS that probably because we are so heavily affected by the secretary of state's addressing system that that be

looked at as perhaps a norm. And I will tell you it's tedious, and on average, probably 10 percent to the addresses when we're keying in voter registration applications into their system, the addresses can't be located because it's almost broken down too far. And then we had a hard time getting them to understand that N-1/2 is a street, it's not the house behind the house on N street, and so there's challenges with that as well. So I know that's difficult.

I had some other questions. Did you have more that you wanted to tell us before you ask for questions?

MR. KUNTZ: I'm perfectly fine moving on to

questions.

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MS. JOHNSON: On page 7, I was curious because I found that law enforcement submits an average of 134 vehicle record inquiries per minute -- and this is near the bottom of the page -- yet they get a database download from us every week. So is this to ensure that when they're running the tab that it's the most current, then what would be the justification for both getting the database every week and then also calling in to our offices? Because that's a lot of inquiries.

MR. KUNTZ: I would have to defer to the program areas on this, but my understanding is that we do a weekly dump of the data to DPS. Local law enforcement

may not get the most up-to-date within that week so there may be additional inquiries that need to be looked into.

There is some access via the web through MVI.net to be able to get some of those changes on a more up-to-date fashion.

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But as far as what these 134 vehicle records per minute, I would have to go back and check with the program area again.

MS. JOHNSON: I'd be curious because it seems like that's a huge burden, and we have a lot of people that come in and law enforcement that works with us, that's a lot of inquiries, and I'm not sure if you even contacted all the counties so we can find out, but we're also responding to a lot of those as well, and it would be nice if there could be some resolution with that because that's a big time-eater.

I have a couple of concerns and I see that you've given us some new language, and I do have concerns with your new language on this package that was just provided.

MR. KUNTZ: Yes, ma'am.

MS. JOHNSON: What was originally proposed is the DMV would -- this has to do with collecting email addresses.

MR. KUNTZ: Yes, ma'am.

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MS. JOHNSON: My concern in putting a statement, I do not support this recommended change because to put a statement on the registration renewal will automatically hare email addresses with DPS, I'm not going to sign up for online renewal, I do not want my email address given to anybody else. So I would say that we need to ask permission, we should not just make a statement that we're going to give this information away.

We love online renewal in my office, we absolutely adore it, it's the fastest work we do, very, very efficient. And we're also trying to email tax statements, so in an effort to reduce costs, I would think if we're trying to move towards online reminders, getting people away from you having to mail just like we are, trying to get people away from mailing, the resistance that we get is I'll do this but you better not share my email address with anybody.

So I'm afraid that without receiving permission, and I know that there's problems associated with that than tracking that, but I think that we're going to end up shooting ourselves in the foot on trying to move towards people receiving this information other than through the mail because they're not going to want to that information shared with any other agency.

MR. KUNTZ: Yes, ma'am. The changes -- and

I'll go over those very quickly -- the changes that came in this new report that we're seeing that were outlined in the one-pager, we had been sending information back and forth with DPS, we had some late requests for changes that came in in the last two days, and we were trying to accommodate DPS on that. Obviously, you can see the previous language that we had proposed was that there be a check box that allowed them to opt in if they wanted to share that information with DPS. DPS requested that the information be automatically shared and that there be a disclaimer on the signing up for email address or providing the email address that it would be shared. We can obviously go back to the original language if that's the board's preference.

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Laying it out here, we're giving you kind of the choice here between what DPS had proposed and what we had originally proposed. The thing I guess I want to go back to is this statute the way it is structured, this is our report in consultation with them, so they're not under obligation to pass this report by their board. Once this report is adopted by you, it will be reported to the legislature. So I'm comfortable going with whatever language the board would like to take on.

MS. JOHNSON: I would encourage the board to go with the original language then because I think that that

will not hinder making our future automated efforts.

MR. KUNTZ: Yes, ma'am.

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MS. JOHNSON: And then on page 15, I greatly appreciate that you want to make it available to everybody in my office that we can look up somebody's driver's license and photo and validate, but I'd really prefer that we didn't. My turnover rate on my front line is probably 30 to 35 percent in any given year. There's nothing we can do about it; it has more to do with pay than anything else. And although we do criminal background checks, we do everything that we can, but that doesn't stop us from catching people looking at people's records, and I'd just really rather that we didn't.

I live with all these technical people, and son specialty is in security and privacy and so maybe there's al little bit of that hanging on me that maybe everybody else doesn't see, but to open up the door to 254 counties, thousands of employees that are suddenly going to have immediate access to that information, I'd just do it very cautiously on that. Just privacy and security is going to get bigger.

MS. RYAN: Can I ask a question? What access will they have that they couldn't get that's not public today?

MS. JOHNSON: We cannot do this today.

MS. RYAN: No. I just want to understand what access would they have, in your concern, that wouldn't be public record somewhere else?

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MS. JOHNSON: Right now DPS licenses are very much protected, and although we might view somebody's driver's license when they're remitting a check to us, we do not keep a copy of it. In fact, we do everything we can to not maintain those copies because it's things then that we have to redact or be responsible for and protect. And DMV has certainly legislative items that are protected, DPS has a separate list of items, secretary of state then has another list of items.

My concern is let us continue to validate identity through simply showing us their driver's license. I don't need anybody pulling it up on a computer because that means at any point in time our staff could be sitting there in a weak moment -- which isn't very often that we have nothing else to do, but we do see people looking up property tax records, we do see people running tags for somebody that might have run them off the road, we do see people pulling up information that we would really prefer that they did not have. And so I just think that that's opening up a door that doesn't need to be opened.

MS. RYAN: You can pull up property tax records on the internet.

MS. JOHNSON: Absolutely.

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MS. RYAN: That's what I'm asking. I just want to clarify. I'm not arguing or debating, I just want to understand right now, what's not public already.

MR. VANDERGRIFF: Can I ask Mr. Kuntz to address the question.

MR. KUNTZ: Right now both agencies are covered under DPPA so there is a Driver Protection Privacy Act, it's a federal act that protects that information. If an employee or somebody takes that information and uses it outside of the official capacity of that office, they are subject to federal penalties. So there is a very tight monitoring of that data.

What this proposal is stating here is that if an individual came in to that office, presented an identification document, that the clerk would be able to enter the driver's license number and the only piece of information that would be returned would be a photo image that is the photo image on the driver's license. None of the rest of the driving record would be pulled up. So it would be a check so that you can look at the ID that's being presented and look at the image that's on the screen and say those two photos match, I now know that this is a valid driver's license.

MS. JOHNSON: So it's not the driver's license

coming up with all the other information that's on that. 1 MR. KUNTZ: No. 2 3 MS. JOHNSON: Just the photograph. MR. KUNTZ: It's just the image that is on the 4 driver's license. 5 6 MS. JOHNSON: I don't have a problem with the photographs coming up, I do have a problem with any of the 7 other information. 8 MS. BREWSTER: Mr. Chairman. 9 10 So Mr. Kuntz, in the case that Member Johnson brought forward, if there was an employee who was wanting 11 12 to look at a driver license record, for instance, they 13 would actually have to have the person's driver license information to pull up that photo to begin with. 14 15 MR. KUNTZ: Yes, ma'am. 16 MS. JOHNSON: But we have that in our voter 17 systems. MR. KUNTZ: But it would not return any of the 18 19 other information that's on that driver's license. We're talking about returning a photo so that we could see the 20 photo. 21 MR. WALKER: We don't even require at this 22 point in time a driver's license to do a transaction. 2.3 24 MR. KUNTZ: No, sir, not a driver's license. We do require a photo identification to title an initial 25

registering vehicle starting September 1 of 2013.

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MR. WALKER: So we're talking about a year from now.

MR. KUNTZ: And this proposal would require statutory change. This proposal would not be able to be implemented before the next legislative session.

MR. WALKER: But when we passed the ID requirement at the last board meeting, we also accepted military Ids, we also accepted passports, we also accepted two or three other items that are acceptable outside of the Texas driver's license, and we even accepted expired, 12-month expired driver's licenses. So what are we going to do about these other IDs that are going to be in the system? Is this just an FYI, we're going to give it to you, if it's not there, so what?

MR. ELLISTON: If I could, my name is Randy Elliston, director of Vehicle Titles and Registration Division.

One of the issues with this right here is, as

Jeremiah said, there will be no information brought up

other than the photo so you won't get the address and all

that other information. One other part of this is from a

customer service standpoint if somebody does come in your

office and they're like I left it at the house, they have

their name and date of birth, you'll be able to enter that

in there. The only thing you'll get is the photo. That way you can verify, it will ping the system, it says they do have a driver's license and here's their picture. So that way you verify without them then having to go back home.

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Now, on some of the other Ids we may not have that type of access. Predominantly the Texas driver's license would be the one of choice, so it's a matter of trying to hit as many people as we can, and it does provide that customer service that if they left it at home or whatever, even if they just left it in their car, they can give you name and date of birth and up it comes, just from the photo, not any other information that's on there. If that answers your question.

MS. JOHNSON: Yes. And I needed to hear that said out loud, so thank you.

MR. RODRIGUEZ: Randy, this is a requirement to attempt -- it's a study right now -- merging similar information. If we choose to accept whatever we choose to accept here, this does not impact them, this is not a legislative direction to say you two will come together and accept only this type of information. This is just where you have common information, merge if it's possible.

MR. ELLISTON: That's correct. And it's actually just to study the feasibility of it and that's

what we've done. And at some point, as we move forward with more of our electronic systems, like the Texas driver's license would be one we would absolutely be able to use and do some of these things, and if you didn't have that, then we would have to go to a secondary process.

But it would allow those to look at each other if you had a common way of identifying the person with the vehicles or the vehicles with the person.

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MR. RODRIGUEZ: But there's no requirement to make it all common.

MR. ELLISTON: No, sir. It's just where we can.

MR. KUNTZ: And as I was stating previously, the finding that we had was that it's not practical at this time to consolidate. Rather than return a report that just said it's not practical, we came up with other areas where we could expand on our sharing opportunities. We currently share a lot of data with DPS and these were some opportunities where we could expand on those places that we're sharing.

MR. VANDERGRIFF: Any further questions?

MS. JOHNSON: Mr. Chairman, I'd like to make a motion that we accept the consolidation study, as presented, with the exception that we data sharing extension recommendation that was additionally provided

for pages 15 to 22. The effect of that would be to 1 eliminate the email address, stay with the agency's 3 original proposal on email addresses at this point in time. 4 MR. VANDERGRIFF: Do I have a second? 5 6 MR. RUSH: Second. MR. VANDERGRIFF: Second from Board Member 7 8 Any further discussion, any need for clarification? MS. RYAN: I do have a question. So we are 9 voting on proposing that they have to agree to permission 10 to give their email? 11 The agency recommended in the 12 MS. JOHNSON: 13 report that we first received that DMV could share the provided email addresses. What we wanted to do was 14 15 contact the customer first, that was our recommendation. 16 What DPS had recommended that we just put on our 17 registration renewal form that we will share the email address with DPS, and I would rather the customer have to 18 19 either check a box to agree to that, a checkbox to accept it rather than just to be on there. 20 MS. RYAN: Where would they check the box and 21 22 how would we capture and retain that? It doesn't seem feasible. 2.3

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their payment and the renewal.

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MS. JOHNSON: If they're sending it back with

MR. VANDERGRIFF: Let's let Mr. Kuntz answer the question.

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MR. KUNTZ: Currently we have a system where somebody can sign up to give us their email address to get e-reminders. In that system we would add a checkbox that if they checked it, it would allow that email address to be shared with DPS for the purposes of being reminded that their driver's license needed to be renewed or they needed to change their address or any other communication that they needed to have with their customer.

MS. RYAN: But that's an additional step and something that most consumers may not be aware of.

Correct?

MR. KUNTZ: Yes, ma'am.

MR. ELLISTON: If I may, the email is becoming more and more important to us because we want to get to a point where we can say instead of mailing all these renewals out, to go to an e-renewal process to save us a lot of money that way. So it's very important to us, we certainly don't want to do anything that jeopardizes or slows down our ability to capture email addresses.

MS. RYAN: Well, it would seen that it's a convenience function. If I'm a consumer and I don't like what I'm getting in my inbox, which happens all the time, I can do a massive delete.

MR. RODRIGUEZ: Just to be clear, this is a 1 2 study only. If the law passes that says we will share, 3 there is no choice for anybody. Right? MR. KUNTZ: Yes, sir. If the legislature chose 4 to enact a law that required us to share that email 5 6 address. 7 MR. RODRIGUEZ: To share similar pieces that we 8 have. Yes, sir. 9 MR. KUNTZ: 10 MR. RODRIGUEZ: Then there is no choice, number 11 one, if it happens. Right now we're in a study mode. But let me ask you this question. 12 If we 13 undertake these steps of giving someone an option as to whether or not we want to share in this interim process, 14 15 what happens if we do and they say we didn't want you to do that? 16 17 MR. KUNTZ: Well, what was originally proposed which is Member Johnson's motion, the checkbox would 18 19 merely be an opt-in. If the individual did not opt in, then the email address would only be used by the DMV. 20 MR. RODRIGUEZ: I understand that, but what 21 happens -- I mean, things happen, we dump loads of data 22 all over the place, what happens if that went somewhere 2.3 24 and the customer said, I didn't want you to do that.

MR. KUNTZ: We set up that system that dumps

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the data to DPS and so we would just have to control that that field was not a field that is populated over there.

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MR. RODRIGUEZ: The point I'm making is that you're undertaking a responsibility which you may not always be able to deliver upon.

MR. KUNTZ: Understood. Yes, sir.

MS. JOHNSON: The other thing I'd like to point out to the board before you vote on this motion is we legislatively received permission in the last session to start emailing tax statements, and I've done a lot of promotion on that and I've been shocked to discover I have newspapers that will not carry my press releases about getting people to sign up for online tax statements because they believe that there's a huge privacy issue out there and they're just not carrying the press releases.

I was surprised with the push-back, because we presented it as look, we can save you money, we can save you at least 50 cents for every single tax statement we mail, could be potentially \$60- or \$70,000 in my small county, so we really thought there was going to be a great response. We've probably gotten no more than 4- or 500 emails out of 152,000 people, and so there's that much resistance. And then we would not share that information with anybody, that's part of our agreement. So I want to increase that to cut down costs just as much as DMV does.

1	What I'm finding is the public is resisting that.
2	MR. RUSH: This is a trial program anyway.
3	MS. RYAN: Everybody has got an email address
4	that they give out when it's required so they don't ever
5	check anyway.
6	MR. BARNWELL: This is a recommendation?
7	MR. KUNTZ: This is a recommendation. Yes, sir.
8	MR. BARNWELL: Then the legislature is going to
9	make the decision? This is our recommendation?
10	MR. KUNTZ: Yes. Our recommendation is that
11	the agency pursue this outside of legislation.
12	MR. VANDERGRIFF: And DPS is in concurrence
13	with this.
14	MR. KUNTZ: Yes.
15	MR. VANDERGRIFF: They had three last-minute
16	requests to change it, but they otherwise have been in
17	concurrence with this.
18	MR. KUNTZ: Yes, sir.
19	MR. VANDERGRIFF: And they've been engaged and
20	involved throughout this process, we've shared drafts back
21	and forth.
21	and forth.  MR. KUNTZ: Absolutely.
22	MR. KUNTZ: Absolutely.

Cheryl wants to add something to allow them to opt in or 1 is it opt out, which is it? 2 3 MR. VANDERGRIFF: It's already in the study itself 4 5 MR. KUNTZ: It's in the original draft. 6 MS. JOHNSON: The original included the agency's language, DPS came back at the last minute with a 7 8 change, and I do not believe that the agency has any issue with the data sharing expansion recommendation that the 9 10 statement is going to include any changes to the current system that have costs associated with them and will need 11 to be evaluated for feasibility based on costs and 12 13 available funding. That just makes sense. So to get away from we can eliminate the possibility of the email issue 14 15 by accepting this last-minute recommendation from DPS. I 16 think that this one is a wise one. 17 MR. WALKER: Well, that just says they're not going to share. 18 19 MS. JOHNSON: We have the original report, the differences are these three things are changed. 20 saying adopt the original and this third recommendation 21 22 from DPS. MR. BARNWELL: And just for clarification, you 2.3 24 believe that the third recommendation puts the original 25 language back in?

MR. KUNTZ: If I may take a stab at it, I believe that Member Johnson is recommending that bullets two and three on your proposed changes, the additional changes document, would not be implemented, so you could strike those two which said remove that first sentence and then replace it with, so we would not remove that sentence and we would not replace it. The other changes, I believe, are acceptable to Ms. Johnson.

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MR. WALKER: So she's saying we don't need to ask them. I think we've got that wrong.

MR. KUNTZ: Under this document the recommendation was to remove a paragraph and the paragraph read: TxDMV would need to contact the customer who had provided their email address to the agency and inform them that their email addresses will be shared with DPS, or provide the customer with options to allow TxDMV to share the email address with DPS through a checkbox in the TxDMV system.

MR. WALKER: And we want to delete that.

MR. KUNTZ: No. That statement would remain in the report. It would not be replaced with the statement that is underneath it in bold.

MS. JOHNSON: DPS is recommending three changes. I thought one was wise; the other two are regarding email and I think the agency's original

recommendation is superior. 1 MS. RYAN: So there's four bullet points you're 2 3 proposing to include. Correct? MS. JOHNSON: I thought that there were three 4 changes here. 5 6 MS. RYAN: There's four bullet points, though. 7 MR. KUNTZ: The first bullet point, I believe, I believe the fourth bullet point is okay, 8 is innocuous. and that it is important to note that some customers do 9 10 not always keep the same email addresses within a six-year period. Again, it's an innocuous statement, it doesn't 11 have any impact on the recommendation. 12 13 The recommendation at the bottom was that we add a disclaimer that any changes to the current system 14 15 would have a cost associated with them and need to be 16 evaluated further for feasibility based on the costs and 17 available funding. I believe that Ms. Johnson is saying 18 that that is a good recommendation to have changed as 19 well. MR. VANDERGRIFF: We have a motion and it is to 20 approve the data consolidation study as written with -- I 21 22 want to make sure, we have five bullet points on this

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MS. JOHNSON: No, that's not what I said.

sheet, and Ms. Johnson's motion is accepting --

MR. KUNTZ: One, four and five.

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That's not at all what I said. What I said was to add the 1 bullet number four. 3 MR. BARNWELL: Can we just take a minute and number these doggone things. These bullets are flying 4 everywhere. 5 6 MR. VANDERGRIFF: Literally, Mr. Barnwell. 7 (General laughter.) MR. VANDERGRIFF: It's hard to tell on the 8 record, but Mr. Kuntz is conferring with Board Member 9 10 Johnson about her motion. Mr. Kuntz, Ms. Johnson, are we back on? 11 MS. JOHNSON: We have five bullets. 12 13 MR. VANDERGRIFF: That's correct. MS. JOHNSON: So my motion is to accept the 14 15 report as originally presented with the addition of bullet number five on the DPS recommendations. 16 MR. BARNWELL: And that is the bullet that 17 says: Data sharing expansion recommendation, pages 15 18 19 through 22? 20 MR. KUNTZ: Yes, sir. MR. BARNWELL: Just wanted to make sure. 21 22 MR. VANDERGRIFF: Okay. All right. Vice Chair, you seconded this motion -- I'm sorry -- Mr. Rush 23 24 seconded this motion. Are you okay with that?

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MR. RUSH: Yes, sir.

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1	MR. VANDERGRIFF: All right. So with that, I
2	will ask if there is any further questions or discussion
3	by the board.
4	MR. WALKER: I just want clarification one more
5	time what we're deleting and adding.
6	MR. VANDERGRIFF: We're accepting the report,
7	as presented. The only thing we're doing is the last
8	bullet point which is number five is being added.
9	MR. WALKER: That any changes to the current
10	system that will have costs associated with them will need
11	to be evaluated for feasibility based upon costs and
12	available funding?
13	MR. VANDERGRIFF: Yes.
14	MS. RYAN: And just to be clear, bullet point
15	two, the first paragraph in bullet point two is in the
16	original proposal which means there's an option. Correct?
17	MR. KUNTZ: Yes, ma'am.
18	MR. VANDERGRIFF: We're not removing anything,
19	we're not replacing or removing.
20	MR. WALKER: So bullet two is still in the
21	document?
22	MR. KUNTZ: Yes, sir.
23	MR. WALKER: But DPS has recommended changing
24	that to bullet number three?
25	MR. KUNTZ: Yes, sir.

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MR. WALKER: And under bullet two it says that 1 2 DMV would need to contact the customer who has provided 3 the email to the agency and inform them that their email addresses will be shared. So we're going to have to send 4 a letter? 5 6 MR. VANDERGRIFF: Or. Read the next word which is an "or." 7 8 MR. WALKER: Or provide the customer with an 9 option to allow the DMV to share the email address. 10 question is when you say or the option to allow us to 11 share, do they have to check it that says I want to opt in 12 or I want to opt out? 13 MR. KUNTZ: Opt in. MR. WALKER: So if they don't check that, then 14 15 we will not provide that. 16 MR. KUNTZ: Yes, sir. 17 MR. WALKER: And why wouldn't we change that so that it would be that I don't want you to share it? 18 19 Because most people aren't going to be inclined to go read those documents and check. 20 MS. JOHNSON: I think it's more transparent 21 that they have to give permission than deny it. And it's 22 just like legislatively when we changed the amount of 2.3

contributions on a registration renewal, there's a big

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push --

MS. RYAN: And I think this --1 2 MR. VANDERGRIFF: Can we have one person at a 3 time, and this is discussion, obviously, I'll allow it until the question is called for. 4 5 MS. JOHNSON: In response to an opt out or opt 6 in, in our registration renewal forms were included that 7 we can collect money for veterans, I believe, and Parks 8 and Wildlife, that what the final decision was is people have to opt in to that, they are not forced to opt out. 9 10 MR. KUNTZ: Yes, ma'am. MS. JOHNSON: And so we're trying to make it 11 12 permissive that they're giving us permission rather than 13 opting out. I think that you're going to have a greater danger of people missing that, then they're going to be 14 15 saying why did you give them that email address and then 16 you're going to have to go back and prove that they failed 17 to check an opt out box. MR. KUNTZ: Yes, ma'am. 18 19 MR. BARNWELL: Call for the question, Mr. Chairman. 20 MR. VANDERGRIFF: Thank you very much. 21 I would ask to raise your right hand in support 22 of the motion, as presented. All those in favor please 23 24 raise your right hand.

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(A show of hands in favor: Barnwell, Johnson,

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Rodriguez, Rush, and Vandergriff.) 1 2 MR. VANDERGRIFF: All those opposed. 3 (A show of hands against: Palacios, Ryan, Walker.) 4 MR. VANDERGRIFF: The motion carries five to 5 6 three. 7 Are you ready to proceed? 8 MS. HEIKKILA: I am. Mr. Chairman, members, for the record, my name is Dawn Heikkila. 9 I'm the chief operating officer for the DMV. 10 MR. VANDERGRIFF: do you need some water? 11 MS. HEIKKILA: I returned from Alaska with a 12 13 head cold. That as my biggest souvenir. In the spirit of expediency, I have two very 14 15 brief briefings for you and would be happy to answer 16 questions at the end. 17 The first one I want to report on is the RTS refactoring project. We had an RFP out. We have received 18 19 seven vendor proposals. The evaluation of these proposals began on September 6. The review consists of two parts: 20 there's a team looking at the proposals or the vendor 21 responses from a technical merit perspective, looking at 22 what they're proposing to do and how they're proposing to 23 24 do it, as well as a financial solvency stability review.

There's a finance team working with the purchasers to look

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at not only Dunn & Bradstreet reporting but also the financial statements submitted in the proposals.

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Most of the proposals received are 500-plus pages and the evaluation team is charged with reviewing each and every one of those pages, word by word, and scoring and evaluating each of these documents. The anticipated review or evaluation phase will take about a week per proposal is what we're seeing because of the complexity of the documentation and the materials submitted. The goal for the evaluation and review is to have it completed by mid October.

Purchasing is collecting vendor reference statements on the seven proposals that were submitted. I have a list of the seven vendors that submitted proposals, if you are interested. The vendors include: CGI, CSC, McClain, Deloitte, HCL, Cognizant and NTTA Data.

Upon completion of the proposal evaluations, the vendor value will be ranked from the highest to the lowest based on the evaluation matrix. Oral presentations will be held with the vendors if the evaluation team feels that that's appropriate and needs additional clarification Negotiations will be pursued with the highest scoring vendor, at which time during the negotiations they'll clarify and agree on the work, specifically the work to be performed, the contract terms and conditions and the cost.

An IV&V vendor should be onboard prior to beginning the final negotiations with the highest scoring vendor. And additionally, I have a little bit of an update on the IV&V selection. Our technical staff has put together a statement of work on what exactly we need this IV&V vendor to do or what we would like them to do. That draft is being reviewed by management right now. Once the draft is in its final format, it will be submitted to the IV&V vendors or the vendors that are registered with the Department of Information Resources to provide IV&V services through the DBITS which is the delivers based IT Services.

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There are currently thirteen vendors that are registered with the Department of Information Resources to provide IV&V services, twelve are non-HUBs, one is a HUB, and the statement of work will be solicited to all thirteen vendors. The proposals will be received back and evaluated based on cost. It's not as in-depth a review process as the RFP will be, but we will give all of the vendors that are registered with the Department of Information Resources an opportunity to respond and we'll select somebody based on the level of their experience and the costs associated with that.

Additionally, I have an update on the Web/Dealer/e-Titles.

MR. VANDERGRIFF: Can I ask you to stop. It looks like you had something.

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MS. BREWSTER: Mr. Chairman, I just might add, just for the board's comfort, that a lot of training has gone into making sure that the RTS refactoring evaluators are prepared to take on the challenge for reviewing these proposals, and so I just wanted to provide a little bit of information on that.

We have a total of six scoring members and those scoring members are supported by advisory, non-scoring members that have technical and business expertise. The evaluation team scoring members, the scoring team is comprised of five technical subject matter experts and one business subject matter expert. The five technical subject matter experts have gone through about 15 hours of meetings to develop responses to the questions that we received from vendors. The RTS refactoring project manager has spent about 20 hours training the evaluation team, and they went through an additional 2.5 hours regarding how to appropriately score.

So I just wanted to share that information with the board so that you had a certain level of comfort that we paid very close attention to making sure that the evaluation team was ready to take on the challenge.

MR. VANDERGRIFF: May I ask a question on this

and then a couple of other questions as well? The first is I appreciate this information. I think it would be appropriate for the board to get a written update from you encapsulizing this process like between now and the next board meeting, as soon as possible, actually, to understand that, along with, since you identified them, the seven vendors and an acknowledgment that the cone of silence relative to this still exists. I think that's appropriate.

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And then I have a couple of questions. It's certainly been my understanding, I think the understanding of the board, that we are not involved in the procurement process or the review of any of these applications, and at what point is your intention to come back to the board for approval of the recommended applicant that would then be the vendor to do this project?

MS. HEIKKILA: In accordance with the contract delegation authority that the board passed at the March board meeting previously as well as the State of Texas procurement guidelines, once a best and final offer has been reached with a vendor and we are ready to execute the final contract documents, that contract will have to come back before the board. That's required by the contract delegation provisions.

MR. VANDERGRIFF: So just making sure that the

board understands. So we not only are not involved in the procurement but we don't have the opportunity, once you select a vendor, to be involved until you've actually negotiated a contract with them.

MS. HEIKKILA: Right. The board's responsibility is to approve the execution of the contract.

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MR. VANDERGRIFF: But will you be prepared at that point, and assuming there are questions -- and you know this board does have questions -- to actually defend he selection of that particular vendor and their qualifications for it in addition to the contract?

MS. HEIKKILA: Yes, sir. We will be prepared to defend the selection or the recommendation of the highest scoring proposal based on the technical merits, the financial evaluation and the negotiations with the vendor, and we will be prepared to support that in terms of what the procurement guidelines require and what we think is in the best interest of the project.

MR. VANDERGRIFF: And you will be prepared to support with IV&V vendor lined up and timelines and deliverable schedule and things like that so the board will be comfortable that in approving the contract amount we've got pretty set controls over it.

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MS. HEIKKILA: Yes, sir.

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MR. VANDERGRIFF: And I think everybody knows that to date an agency of this size in the department of motor vehicle world has not been successful on these type of projects.

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MS. HEIKKILA: Right. And it is our full intent to be the first.

MR. VANDERGRIFF: I understand. I'm just emphasizing that we will be the first, and therefore, the board will be very concerned, very interested.

MS. JOHNSON: And I definitely don't want to rush this process, but when do you expect that that might come back? Is it going to be before the next session?

MS. HEIKKILA: When do I expect the final contract to come back? We are very hopeful that it will be by the end of the calendar year or at the beginning of the very next calendar year. Again, everything is based off of when we conclude the evaluation of the proposals, and that, as you mentioned, is something that we don't want to rush because these proposals are very technical, and what we're asking them to do is very complicated, and as the chairman indicated, we want to be very careful with our steps to make sure that we don't misstep and fall into the same bucket with several other DMVs that have tried to do modernization efforts and have not had 100 percent success.

MR. VANDERGRIFF: I'm going to ask if Ms. 1 2 Johnson has a followup question. 3 MS. JOHNSON: The only question is have is salvage or new, but I'll let you ask that. 4 MR. VANDERGRIFF: All right. And I realize 5 6 what we approved in the meeting so I'm not asking to revisit that previous meeting, but why would the board not 7 hear about the selected vendor until we've taken the time 8 for contract negotiations, because that will obviously --9 10 or could be a protracted period of time. MS. HEIKKILA: It definitely could be. 11 staff has all been disclosed as required by the 12 13 procurement process. It limits the information I can provide in a public setting, but I, as I understand it 14 15 from previous rulings from our general counsel, can brief 16 the board members one on one at any point if they have 17 questions or would like additional information. MR. VANDERGRIFF: I don't know that my question 18 19 was understood, and I apologize. When would you anticipate the staff's selection of the vendor to go to 20 best and final offer negotiations or contract negotiations 21 22 with? MS. HEIKKILA: The goal to conclude the 2.3 24 proposal evaluations is mid October. At that point in

time those vendors will be ranked and we will have an idea

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of who the top-scoring vendor is and that's the vendor that we would pursue negotiations, best and final offer with. At that point in time I would have to make sure with general counsel to know what exactly was public record, but we would provide as much information as we can.

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MR. VANDERGRIFF: I realize there is a degree of certainty necessary to enter into a contract, but I am saying from a timing perspective, a November discussion about who the best and final is with might be helpful heading into a legislative session, given that we might be January before we get to a contract.

MS. HEIKKILA: Absolutely. The evaluation team is very much aware of some of the bigger timelines the agency has, including the initiation of the next legislative session in January. So we're working very diligently to try to accommodate that.

MR. VANDERGRIFF: And the second thing I want to make sure, I think everybody understands, but again, for the record, just the level set expectations, this initial project which is a big one is basically what I would think is the blocking and tackling necessary to add the business process improvement initiatives and the automation to support them on top of it. Is that correct?

MS. HEIKKILA: That is absolutely correct.

This is very much a foundational project.

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MR. VANDERGRIFF: And I know that one of the things that legislative and executive branch leaders look for is when they can call up and ask, for example -- and I'm just being hypothetical -- how many black Suburbans are out there, that we will be able to answer those questions at the end of the day when this project is done, versus today having this capability and flexibility to answer simple inquiries, it's a challenge. I'm looking at some of our staff who know that one sentence takes 52 hours to run, so as this comes online, which is not tomorrow and not the day after we sign a contract, that we are putting ourselves in that position.

MS. HEIKKILA: Correct. That is definitely one of the work streams that we're looking at is to add business intelligence or business reporting to the database where we can actually pull that information timely. So not only will we be able to answer or respond to that legislative inquiry but we would be able to do it very quickly.

MR. VANDERGRIFF: Okay.

MR. RODRIGUEZ: Two questions, Mr. Chairman.

You've written that for board approval based upon the Appropriations Act as opposed to policy.

MS. HEIKKILA: It will be both.

MS. HEIKKILA: It

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1	MR. RODRIGUEZ: Supposing we didn't have
2	policy.
3	MS. HEIKKILA: Pardon me?
4	MR. RODRIGUEZ: Supposing we didn't have policy
5	in place.
6	MS. HEIKKILA: It would be governed by what our
7	appropriations for that capital project would provide
8	because it has to be within that bucket, as well as the
9	procurement guidelines for what the state is required to
10	do when we engage a vendor of this magnitude.
11	MR. RODRIGUEZ: Procurement requires board
12	approval because of the size of it, or does it?
13	MS. HEIKKILA: Yes. It requires board approval
14	because of the size of the procurement, as well as the
15	contract delegation authority document.
16	MR. RODRIGUEZ: And I know you're talking about
17	contract delegation, but if you took that out, you'd still
18	have to bring it to us. That's what I'm trying to get to.
19	MS. HEIKKILA: Yes.
20	MR. RODRIGUEZ: At the point that you bring it
21	to us, there's some things that we run a risk with with
22	regard to open information.
23	MS. HEIKKILA: Potentially.
24	MR. RODRIGUEZ: All I'm saying is I'm making a
25	note here, Mr. Chairman, we may be, given the line of

questioning that we be careful about how we approach that. At the point in time that they bring it to our attention, it's a public meeting item, there's some issues with how we got to the contract may not be discussed publicly and that kind of stuff, and we could be restricted by the very company that's trying to be our vendor, they would have some concern with us making something public that they've got no signed, delivered contract on yet.

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MS. HEIKKILA: Correct. There could potentially be proprietary issues that we could not discuss.

MR. VANDERGRIFF: I acknowledge and trust the staff and our legal staff to be mindful of that. I've certainly participated in state and municipal procurements where the announcement of who is the preferred vendor prior to contracts is readily and often done, and so I'm not sure if that ends up being the case that that's necessarily going to be a bad thing for us.

MR. RODRIGUEZ: Well, there's a difference, though, in authorizing someone to proceed to negotiate a contract, in other words, giving the authority to do so and be done with it, as opposed to them bringing to us a negotiated contract and then we tear it up over here where we would not be able to have a discussion.

MR. VANDERGRIFF: I agree, I understand. We

were on apples and oranges, basically, and I apologize, so I agree with that.

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Last question and it's probably for the executive director, but in terms of who is going to represent the agency in the contract negotiations to take place, we are talking about a multi-million dollar major procurement with effects across the state, is the anticipation that legal staff of the department will represent us in that, or has there been any thought given to perhaps working with the Attorney General's Office for a specialized outside counsel to help with this.

MS. BREWSTER: Mr. Chairman, it was the assumption that the general counsel would represent us in the negotiations. But I take your point and we'll look more closely at that to make sure that we're ready to enter into those negotiations.

MR. VANDERGRIFF: And I mean no slight or disrespect, but there are specialists in this area, which the vendors will very much have, is something for us to look at. So I'd like that to at least be in the board's thought process anyway at this next meeting since, at that point, as I understood it from Ms. Heikkila, we will not actually have entered into contract negotiations, by mid October we'll still be reviewing.

MS. HEIKKILA: Potentially, yes.

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Also, given the complexity of what we're trying to do here, we are working with our general counsel staff.

At any point in time, we would also rely on their judgment call, if they felt we needed expertise, we could certainly go get it.

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MS. JOHNSON: Final que4stion. In the DPS survey, refactoring is defined and at the last board meeting I had asked tell me what refactoring is. Are we getting a salvage vehicle or are we getting a new car?

MS. HEIKKILA: We are getting a new car. We are getting a handmade, piece by piece, new car.

MR. VANDERGRIFF: If you could not hear, the analogy was a salvage vehicle or a new car which new car being definitely preferred, and the answer was new car.

(General talking and laughter.)

MS. BREWSTER: You asked if we could put in writing the plan moving forward on the RTS refactoring project, and I did not say publicly and I will now that yes, we will absolutely provide that information to the board well before the next meeting.

MR. WALKER: Whitney, Chairman Vandergriff makes a very good point about the capabilities of our staff to evaluate a multi-million dollar contract, and what's the ability of this agency to go outside even of the Attorney General's Office to go to private counsel

that does this on a daily basis with this contract?

MS. SOLDANO: Would you like for me to respond to that?

MS. BREWSTER: Mr. Walker, I'm so new to this process, I'm going to defer to Jennifer.

MS. SOLDANO: First of all, I did receive an award for a billion dollar contract once, and we have several staff that have done multi-million dollar contracts. But in order to contract outside of the Attorney General's Office, we'd have to get the permission of the Attorney General, so we'd go through the Attorney General's Office to go for any kind of specialized.

MR. VANDERGRIFF: And I apologize, that's why I said that, turn it over to the AG's Office to do that.

MR. WALKER: Because I'm sure the vendor will be using the best guns available.

MS. HEIKKILA: I would assume so.

MR. VANDERGRIFF: The comment I would make on that is that in some of our travels to other departments of motor vehicles across the country, that has been a common denominator that those departments which struggled or failed with this effort have talked about with respect to the contracts. And again, that is no disrespect at all intended toward to the legal staff here who, I think I've also noted publicly, out performed another group I was

with their, I would say much more expensive counterparts that were from the private sector, so I put a lot of faith in the legal staff at this agency.

MS. HEIKKILA: The entire team working on this project is very dedicated. One thing I did want to mention is that the evaluation team, this is their primary focus, they have no other duties at this point in time, they are dedicated 100 percent to evaluating these proposals because they understand that time is of the essence and we want to get this done as quickly as possible, but we want to do it right and we want to be effective in how we approach it.

MR. VANDERGRIFF: Any further questions of Ms. Heikkila?

(No response.)

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MR. VANDERGRIFF: Thank you.

MS. HEIKKILA: I do have a few comments on the Web/Dealer.

MR. VANDERGRIFF: Oh, that's right. I'm sorry.

MS. HEIKKILA: Another brief briefing. The project proposal was submitted to the governance team and has been approved as a project. That's the revised proposal that expanded the scope of Web/Dealer to include the e-Title/e-Lien. The QAT, or quality assurance team project delivery framework documents have been submitted.

We're still waiting response from the QAT on the official approval of this project because the anticipated development costs, both external and internal, will exceed the \$1 million threshold.

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The internal project team has begun working on business requirements analysis and they project that that's going to continue through the beginning of the next calendar year, January 2013. The project plan is being developed that's going to include a detail of how the project will be executed, or the conceptual approach for the project, and it will also include a risk plan, a communications plan, and a project a schedule. So as that project plan is developed, we will be able to identify specific milestones and project timelines.

The draft project plan is anticipated to be submitted to the executive, the project, the technical sponsors, as well as our new security officer, sometime during next week, the week of September 17. And the project team anticipates that the project will be in pilot, as projected, by September 1 of next year.

MR. VANDERGRIFF: And I think the board does understand, I just want to point that out, that we do have a timeline relative to rules that we passed at our last meeting with respect to the verification requirements that makes that September 1 deadline close to a drop-dead date

for other purposes.

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MS. HEIKKILA: That's right. And we'll continue briefings and interactions with the Projects and Operations team on this and all of our IT initiatives. As the project plans are fleshed out, we'll provide additional detail.

That's all I have. If you have any questions, I'll be happy to take your questions.

MR. VANDERGRIFF: I want to note one more, and I appreciate the executive director doing this, we had worked considerably on the agenda and tightening up some of the language and how it's presented to kind of make it easier to flow through, but one of the things that we did think was important was that the automation projects remain under briefing and possible action items before the board since this is the single most important projects — like I said, plural — that we have and certainly the biggest dollars that we have.

MS. HEIKKILA: Absolutely.

MR. VANDERGRIFF: The next item on the agenda is 5.E which is a discussion on future rulemaking potential options. I'd like t note that we are on E.1 which is where Sharon Brewer is presenting, and then E.2 is Randy Elliston, and I don't know if you want to come up here together or just stay up here together through this.

Or maybe Randy is not presenting.

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MS. HEIKKILA: I was going to do this part.

MR. VANDERGRIFF: Okay. Great. But I would also note that I will really kind of turn over facilitating this discussion to Board Member Johnson. Both of these originated from her work and effort on this, so I am, in fact, passing the gavel to you to control this.

MS. JOHNSON: Thank you.

We are policymakers and that is actually our role as DMV Board members, and this was the very first time I took a stab at trying to rewrite a rule, and I've gotten very good feedback from the agency, and so I was real pleased that I picked something that worked for everybody.

The first one was the transition of vacant positions, and since you're kind of short on voice, what my recommendation was was when we first formed this agency and we had our first board meeting, I think you told me it was November 4, gosh, 2009 -- that's a long time ago -- that we knew that there were a lot of people moving from TxDOT to DMV and so we were trying to give preferential treatment to the people who acknowledged with the agency who wanted to come over and join the DMV team, but we're kind of passed all that. So I'll let you take it from

there.

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MS. HEIKKILA: Okay. The rule that Member

Johnson is referring to is Rule 208.7 of Texas

Administrative Code, and it specifically addresses some of our hiring provisions when a position is filled for our central administrative functions, not necessarily the

Central Administration Division, but administrative functions for the agency. There was a first consideration clause added by rule to give consideration to TxDOT employees that had the responsibility of primarily supporting the DMV divisions that transferred to create the department.

This provision was included as a hard coded statement or provision in our HR online, our workforce management system by TxDOT when the agency was created, and it was used during the hiring process of the initial 66 identified central administrative positions. By July 1 of 2011, those 66 vacancies had been filled in some form or fashion to support the agency and begin building the administrative framework. The provision was actually removed from our HR online workforce management system by TxDOT on November 4 of 2011 which, ironically, is exactly two years to the date of our very first board meeting.

Staff has done considerable research. I want to thank Sharon Brewer, our HR director, as well as her

staff. They put together an incredible briefing that maps the history, the background and all of the work that we've done to get us to this point in time. We would like to recommend, though, that this particular rule no longer serves as business purpose, as Ms. Johnson has pointed out, and we would like to recommend that staff be instructed to begin the process of repealing this rule.

MR. RODRIGUEZ: So moved, Mr. Chairman.

MR. VANDERGRIFF: We have a motion from Board Member Rodriguez. Do we have a second?

MS. JOHNSON: I'll second it.

MR. VANDERGRIFF: Second from Board Member

Johnson. All those in favor please raise your right hand
in support.

(A show of hands.)

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MR. VANDERGRIFF: The motion carries unanimously.

MS. JOHNSON: The second item, Mr. Elliston, I think there is a little bit of confusion. We do online renewals and right now if your sticker expires you cannot renew online, and this has been a longtime effort on my part to get people out of my office and online that we allow expired stickers to also be renewed online, and your predecessor told me it couldn't be done, so I'm going to let you take it from there.

MR. ELLISTON: For the record, my name is Randy Elliston, director of Vehicle Titles and Registration Division.

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What Ms. Johnson is referring to is we have an internet capability that we call IVTRS, or it's our internet vehicle title and registration service, that allows an individual who has a renewal notice to go online and renew their registration. It does have a stop in it, though. If you're over five days past due, it won't let you renew online. The reason for the five days is the statute allows a grace period, basically, if your registration expires, for law enforcement purposes or for renewal purposes, that during that five-day period there is no penalty, there's no consideration, it's just like you renewing if you were current.

After that time period, though, there's some other things that kind of kick in. This is a legacy system that we inherited when DMV was created and I'm assuming during that time period they thought that it was going to require a lot of programming to do everything because it gets kind of convoluted.

If you go past the five-day period and you have not received a citation, then you can go in to the county and you can renew, and they will reset your date back to whatever month that it expired. But then if you have what

we call a valid reason, if you were in the hospital, didn't drive your car, if it was in the shop you didn't drive it, those types of things, you can invoke that provision and they will actually allow you to renew right now for a new twelve months, it doesn't reset the date back.

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However, if you've received a citation during that time period, you're required to pay a 20 percent penalty on your registration, then they set your date back. The reason for the 20 percent penalty is there's a provision in the Transportation Code that when you get to the court, if you have renewed your registration and you've paid your 20 percent penalty, when you get to the court, the court may dismiss the charge and you only a \$20 court cost fee. So as you see, it gets kind of convoluted after you move out past the five days, so that's the reason it had never been done.

This was actually on our radar to look at when we redo our business intelligence work and processes as we build our new system. However, as Member Johnson brought it to our attention, and very astutely told me that my predecessor told her that it couldn't be done, I think that was a challenge to me. We went back and we started looking at it, and what we have determined is it doesn't require a rule change, it will require us to do a little

bit of programming, not too extensively, but we can extend that five days and just say after the five days we'll let you go out let's say six months past, if you have not received a citation during that six-month period, we will allow you to renew your registration and your date will still be set back for that six-month period.

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If you say I have received a citation, we can put a checkbox on the internet piece, if you have received a citation, then we'll have to redirect you to the county. We will fix that sometime in the future, but the programming piece to calculate the 20 percent penalty and take all those things into consideration will be a lot more extensive. But we can get a bulk of the people, we believe, that have not received citations, that way they can go ahead and renew and we can keep them out of the tax assessor-collector's office. If they have a valid reason and they say I want to invoke my valid reason so I can set my new date, we will again say you'll need to go to the county to do that. But they'll also have an option of saying I don't want to go to the county, I'm only two months past due, I don't care, and we can go ahead and renew them at that time.

So we can make it a lot more user-friendly. I actually signed documents yesterday to get this process started. We believe that we can it up and running, the

programming done -- we have a release going out on the system in February of '13 which is about five months or so away -- we believe we can have it going by that time. So it's really a briefing to tell we're doing it, we're going to get these pieces done.

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When you look at late renewals in a county, and for some reason I pulled Galveston County and looked at it, the first three or four months you have a lot of late renewals. After that fourth month or fifth month, they drop off down into the 20s, real low numbers, until you get to the twelfth month and then they get real high, but that's because those are cars that have left the state and been in crashes, whatever, they're out of the system at that point for the most part.

So in looking at that, we picked the six-month window because we're going to catch the bulk of them. If they're past six months and coming in, it's probably because they got a citation so we'd be redirecting them to the county anyway. So we're going to just say six months at this time and move forward with it. So really, it's just kind of telling you we've got it in process and we will have those pieces of it going by February.

MS. JOHNSON: And I would just like to take a moment of personal privilege and say thank you to everybody who was involved, both with the personnel issue,

and I spoke to Ms. Brewster and Ms. Heikkila yesterday, I believe it was, or the day before yesterday -- I apologize -- and I appreciate all your efforts, Mr. Elliston. We also had a call and I greatly appreciate what's gone into this. This is a real coup and I think you're going to have tax assessor-collectors happy with this change. So thank you.

MR. ELLISTON: Yes, ma'am.

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MR. WALKER: Randy, how do you cross-check for if somebody has a citation and they don't check that and they just go ahead and renew their license?

MR. ELLISTON: Well, we will have some language on the screen shot when they get ready to do that piece of it where they've got to make that selection that informs them if you have received a citation and you say you have not, when you get to the court, the court is going to ask you have you received a citation -- I mean, they're going to say have you paid your 20 percent penalty and you say no, I didn't, now it's \$200.

MR. WALKER: It's my understanding that in the system when they go online they're going to pay the 20 percent penalty to renew the plate. Correct?

MR. ELLISTON: If they check they have received a citation which would require them paying the 20 percent, that's what invokes the 20 percent penalty is they've

received a citation. And if they check I did not receive a citation so they don't pay us the 20 percent, when they get to the court they won't have a receipt showing they paid the 20 percent and so the court can fine them up to \$200 for having expired registration.

MR. WALKER: But don't you think what typically happens -- I've been to the courthouse enough times but not a lot -- you go down there and they say I got a ticket for this and here's where I went and got my inspection and the judges frequently just dismiss the ticket because he went and got his license plate or his inspection sticker done. And so is that not going to continue on? Who is going to educate the judges?

MR. ELLISTON: Well, I'll tell you, the judges are educated on this issue, this is a very common citation that's issued, so I believe, and my previous experience is that judges are very well aware of this and they are going to ask the question, because if you have paid the 20 percent they're going to get \$20, if you haven't they potentially get \$200, depending on how they do their fine structure. So I believe that the courts today are very aware of this. Now, will some potentially slip through? Yes, they potentially will, but they could under the other scenario also.

MR. RODRIGUEZ: No action required by us at

this point. Right?

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MR. ELLISTON: There's on action required by the board. There was some thought that we might need to do a rule change to accommodate this but we don't need to at this time.

MR. VANDERGRIFF: Any further questions on this? I do want to note and thank again Cheryl for bringing these up. That's, again, another indication and observation that the board and the people in the industry, particularly on the second item, are most helpful in bringing issues to the department and helping the citizens of Texas. Thank you very much.

MR. WALKER: One more question. Does this also include mailing in? Because if you're a day late on your mailing, you can't get it either, you have to to go the tax assessor's office. Would that correct this also?

MR. ELLISTON: On a mail-in.

MR. WALKER: Right now if you're a day late on mailing your license renewal in, you have to go to the tax assessor-collector's office to do that.

MR. ELLISTON: You're getting into the same issue about the 20 percent penalty. If they go online they could do it; otherwise, if the tax office gets it in, most tax office are going to have a procedure, they either contact the individual and have them come in, because once

you get past that five-day grace period, there's other things that have to be done. You either have to get the 20 percent, yo have to declare that you have a reason, so the tax office will either then process or contact the individual.

MS. JOHNSON: Our policy, Mr. Walker, is within the five days we just process the registration. Any time after that, we send a notification to the person, they have to answer the question whether or not they've received a citation. Once we get that back, then we'll do a mail-in registration, then we'll process that registration. But we need to be able to answer the question on whether a citation has been received, so we do mail back to the customer. We actually try to contact the customer because now we know they have an expired sticker and we don't want it to get any worse.

MR. ELLISTON: And kind of the worst case scenario, typically the person gets caught in the process. They either pay us the 20 percent or they pay the court the fine amount. It behooves them to pay us the 20 percent, typically, because it's going to be a whole lot cheaper than paying the fine amount. So do some maybe who should have paid us \$20 end up paying the court, that's possible, but they get caught somewhere in the process.

MS. JOHNSON: This might be a good item for the

Standards Committee.

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MR. WALKER: So the 20 percent is 20 percent of the registration fee which is typically \$57 or somewhere around that amount, so they have to pay an additional \$10 to renew their license.

MR. ELLISTON: Right.

MR. VANDERGRIFF: Thank you very much.

I want to try to cover one more item and then we'll take a break before the reports, but that is approval of the agency operational boundaries. These were brought up and distributed a couple of times to the board members in the summer, and because of other activities, we did not take these up as an action item. I would like to take that up as an action item now.

The vice chair was instrumental in taking the lead on working through all of this document, as well as many of the other performance-related documents, and so I'd like to take this under consideration with the board and hopefully entertain a motion to approve them so we can move forward on discussions.

MS. JOHNSON: I move to approve.

MR. PALACIOS: Second.

MR. VANDERGRIFF: We have a motion to approve and a second from Board Member Palacios. Any discussion?

(No response.)

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MR. VANDERGRIFF: Please raise your right hand 1 2 in support of the motion. (A show of hands.) 3 MR. VANDERGRIFF: The motion carries 4 unanimously. 5 6 The executive director reminded me that we can continue on, that we think the reports are relatively 7 8 short going forward. We do have the monthly financial report from our chief financial officer, Linda Flores. 9 10 It's the inaugural use of the screens in presentation of the power point. I think it's 11 12 appropriately fitting that it come from the finance 13 office. MS. FLORES: For the record, Linda Flores, 14 15 chief financial officer. And yes, I would like to thank our audio-visual folks in the back here for their 16 17 assistance in making sure you could see this presentation. In your monthly board packet you have a lot of 18 19 detail information and so what we'd like to do is provide an executive summary and focus on some things that we 20 thought would be of interest to the board. 21 Your first page is just a snapshot by quarter 22 of budget versus expenditures, and we'll be doing this 2.3 24 throughout the year. You can see we have not been

spending what we anticipated to spend for the year.

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in the middle of end-of-year reconciliations and closing out the books, so we'll have more information as to what we're actually lapsing and what we intend to carry forward for our capital projects. The RTS refactoring project is a big one, so we know that that's going to occur.

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As far as registration revenue, we've been exceeding what we anticipated to bring in versus the number of registered cars. So you see the registered cars versus the revenue and there's a large amount that we bring in for the number of cars that we register.

For Fund 6, again you can see by month what we've been collecting as far as deposits, and there is a large spike. As we testified in front of a committee this summer, we anticipate bringing in a lot more money. We'll have better numbers for you at the end of the month in August, so we had projected approximately \$160 million extra for Fund 6.

MR. WALKER: Can we ask a question as we go along?

MS. FLORES: Sure, yes, sir.

MR. WALKER: Why would June and July revenues be half of what they were in May and April?

MR. ENDLICH: For the record, Mike Endlich, revenue estimator.

It used to be back in the day -- and Randy can

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probably give you dates on this -- everybody was required to renew their registration in the months of April and May, I think it was May, and back in I believe it was the '80s it got staggered out all over the year, so you're going to see a majority of our revenue come in in those two months versus the rest of the year because we still have a lot of old vehicles that follow that pattern.

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MR. WALKER: Because older cars are on that cycle?

MR. ENDLICH: Absolutely. They haven't dropped off yet and they're still on that cycle.

MS. FLORES: This is a snapshot of agency collections for both general revenue and Fund 6, and we've included just what is in the detail is the projection for the My Plates vendor. They still are on target to generate their required \$25 million collections and we anticipate that they'll generate approximately \$31- versus \$25-, so they are adding more deposits to general revenue. And we're trying to get you more meaningful information, so the number of new orders that we saw in the month for July.

And that concludes our financial information for the board.

MR. PALACIOS: I'd just like to comment, any time you have your expenses come in lower than forecasted

1	and your revenues above what you forecasted, that makes
2	for a very good operation.
3	MS. FLORES: It's a good picture.
4	MR. PALACIOS: Congratulations.
5	MR. VANDERGRIFF: And I think I noted before at
6	the last meeting, but this message continues to be very
7	positively received at the legislature.
8	With that, I'll turn to the executive director.
9	MS. BREWSTER: Thank you, Mr. Chairman. I just
10	have a few items that I wanted to present to the board
11	which I should be able to go through relatively quickly.
12	The first being an interim general counsel.
13	Because this is a position that serves both the department
14	and the board, I felt it was appropriate to inform the
15	board in this forum that I have asked Jennifer Soldano to
16	serve as our interim general counsel until a permanent
17	selection has been made. She has graciously accepted and
18	I want to thank her for being willing to take on the
19	additional responsibility.
20	MR. VANDERGRIFF: Any questions?
21	MS. JOHNSON: I just have one question. Does
22	the general counsel work for the board or the executive
23	director? Because I thought the general counsel worked
24	for the board, but I haven't looked at the org chart.

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 $\ensuremath{\mathsf{MR}}\xspace$  . VANDERGRIFF: The board approved back in

early 2010 that general counsel reports to the executive director and has a dotted line from the board

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MS. JOHNSON: Okay. That's what I remember that link. Okay. Perfect. Thank you.

MS. BREWSTER: For the next item, I wanted to give an update on the TxDOT MOU. The MOU between the two agencies for FY '12 expired August 31. There are still approximately \$800,000 worth of invoices for services and support which are being evaluated for payment. The DMV finance staff is currently reviewing those billing invoices received from TxDOT. At this point TxDOT has agreed to extend the current FY '12 MOU. Once those outstanding invoices have been settled and there's a process established for future service requests and how we are to be billed, the agency has drafted language for consideration by TxDOT, they have that, and are currently reviewing it.

After discussion with TxDOT leadership, they indicated that they are continuing to provide ongoing services, no lights are going to be turned out, no computers are going to be shut off, and so they have agreed during this negotiation period to continue to provide the services as they have been. And legal and finance staff from both agencies are continuing discussions on the final MOU language.

MR. WALKER: Question. We have \$800,000 worth 1 2 of unpaid bills. Are they disputed bills? 3 MS. BREWSTER: Member Walker, there is a combination of different invoices. Some of the items that 4 we're being billed for, there aren't any invoices for 5 6 those items so we're just trying to sort through the backup material needed to be able to have solid backup for 7 8 paying those invoices. I don't know if Linda wants to 9 talk any more about that, but we are going through those 10 invoices to make sure that we have adequate backup to be 11 able to pass a post-payment audit from the Comptroller's Office and just want to make sure that we have our books 12 13 in order should we be audited. MR. WALKER: What you're saying is you want to 14 15 substantiate the bill to make sure it's really ours. 16 MS. BREWSTER: Yes. Is the \$800,000 accounted for in the 17 MS. RYAN: budget or is it up and above what we expected? 18 19 MS. BREWSTER: It's my understanding that this is in our budget. It's just a matter of verifying the 20 invoices. 21 The next item, the board approved contracts, on 22 August 9 the board authorized me to negotiate and finalize 2.3 24 the website design contract, with advice and consent of

the Projects and Operations Committee chair, Mr. Walker.

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We discussed that contract with Member Walker on August 13 and awarded the contract to the selected vendor on August 20. The kickoff meeting with the vendor happened on August 21, and the first deliverable which was the project plan and schedule was completed on September 4. We are on target for full development by December 31, and with the contract ending January 31, 2013.

Any questions on that?

(No response.)

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MS. BREWSTER: At the August board meeting the board also authorized me to execute the FY 2013 interagency contract with the Texas Department of Criminal Justice for the production of license plate stickers and handicap placards. That contract was also fully executed by both parties by August 31, and just a reminder that that contract is for a not to exceed amount of \$17.7 million.

Any questions on that?

(No response.)

MS. BREWSTER: Also at the August board meeting the board authorized me to execute a contract for the FY 2013 interagency contract with the Department of Information Resources for Data Center services. That contract was also fully executed by both parties, and that contract amount was for a not to exceed amount of

approximately \$4.3 million.

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Any questions on that?

(No response.)

MS. BREWSTER: And then finally, I just wanted to give an update on TxPROS. As this board knows, TxPROS has been in full swing for a year now, but we were still within milestone 18 of the contract. This was a milestone-based contract to make sure that we were on track when it came to the budget for this as well as what was to be delivered. I am happy to report that final acceptance of TxPROS was completed on August 30, so we have completed that contract and are very pleased to report that.

I might also note that there was, kind of coincidentally, a celebration of TxPROS on September 5 for an award that was received from Intelligent Transportation Society, it was a Smart Solutions Spotlight Award. Member Walker was in attendance, Executive Director Phil Wilson was there, Representative Joe Pickett, ITS CEO Scott Belcher was the one who gave the award, TMTA CEO John Esparza. It was a very well attended event and it was a great way to celebrate the success of TxPROS. So I just wanted to report that to the board.

And that is all, Mr. Chairman.

MR. VANDERGRIFF: Any questions of the

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executive director?

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(No response.)

MR. VANDERGRIFF: Thank you very much. I do want to note and appreciate, and I think our board meeting today, that we never know what questions that board members will have, but I know that the staff, under your direction, has worked hard this month to plan and prepare for the meeting and I think it shows in the relatively smooth nature that the meeting went forward, so thank you for that.

With that, we've come to the end of the public portion of our agenda. We are now at approximately three hours into the meeting, and so I would like to say we'll take a 15 -- let's just say give or take we'll go into executive session at 12:15 which is roughly about 15 minutes from now, so we will take a short break. I do not anticipate coming out of executive session with any action items, so I want to make sure the audience that's here in attendance knows that.

And we will go into executive session, again as I said, at 12:15 under Sections 551.071 to obtain advice from legal counsel regarding any items on the agenda that we need to regarding litigation or pending or possible legal matters, and Section 551.074 to discuss personnel matters which are specifically just the performance review

documents with respect to the executive director. 1 2 So with that, we are recessing the public 3 meeting and I will see the board members. We might need a little bit of a roadmap but we're going to be heading to 4 the meeting behind us through this door to our left, we're 5 6 using the human resources conference room there. 7 Thank you all for attending. 8 (Whereupon, at 11:57 a.m., the meeting was recessed, to reconvene t his same day, Thursday, September 9 10 13, 2012, following conclusion of the executive session.) MR. VANDERGRIFF: It is September 13, 2012 and 11 the Board of the Texas Department of Motor Vehicles is now 12 13 in open session. We want to note that no action was taken in closed session. We do not have any more action items 14 15 or briefings to deal with with the board, and I would be 16 pleased to entertain a motion to adjourn. 17 MR. BARNWELL: Mr. Chairman, I move that we adjourn the meeting. 18 MR. VANDERGRIFF: We have a motion from Board 19 Member Barnwell. 20 MR. RUSH: Second. 21 MR. VANDERGRIFF: We have a second from Board 22 Member Rush. All those in favor, please raise your right 2.3 24 hand

(A show of hands.)

25

MR. VANDERGRIFF: The motion carries 1 2 unanimously. The last thing I would note is that Board 3 Member Rodriguez left after the end of our open session 4 5 and was not in executive session with us today. So with that, we are adjourned. 6 7 (Whereupon, at 1:35 p.m., the meeting was concluded.) 8

## CERTIFICATE

MEETING OF:

TxDMV Board

4 LOCATION:

Austin, Texas

5 DATE:

September 13, 2012

I do hereby certify that the foregoing pages, numbers 1 through 136, inclusive, are the true, accurate, and complete transcript prepared from the verbal recording made by electronic recording by Nancy H. King before the Texas Department of Motor Vehicles.

(Transcriber) (Date)

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